

Pentagon vs. NASA: Debate Focuses on Jumbo U.S. Rocket

By Rudy Abramson
Los Angeles Times Service

WASHINGTON — The Heavy Lift Launch Vehicle, a rocket intended to launch 75 tons of cargo or more at a greatly reduced cost, has become the subject of a resurgent debate over the degree of military involvement in the U.S. space program.

The air force and the National Aeronautics and Space Administration each want to build the rocket. To the alarm of proponents of the civilian space program, the air force has the upper hand.

NASA engineers predict that two or three launchings of the jumbo rocket could put into orbit the entire structure for a permanent manned space station in the 1990s. The rocket, they say, might even make possible the simultaneous launch of dual planetary missions.

Designers of the Reagan administration's proposed space-based missile defense system envision that the rocket will launch huge orbiting platforms from which small missiles and projectiles could be positioned to intercept enemy missiles.

According to congressional and administration sources, President Ronald Reagan approved the Pentagon's approach at a meeting in December with Secretary of Defense Caspar W. Weinberger and Assistant General James A. Abrahamson. The general is director of the Strategic Defense Initiative Office, which runs the SDI program.

As a result of that session, the administration asked Congress for \$250 million to begin developing the jumbo rocket under the Pentagon's direction.

That left NASA, which was focusing on getting its space shuttle flying again after the explosion of the Challenger in January 1986, on the sidelines of what it considered its own domain. It also troubled NASA's allies.

"We are dealing here with a very important policy question," said Senator Donald W. Riegle, Democrat of Michigan, chairman of the science, technology and space subcommittee of the Senate Commerce, Science and Transportation Committee. "If you look at the drive on space spending, you see a tremendous surge on the military side, and it is obvious that any major decision such as this adds to the strength of the Department of Defense and takes away from the strength of NASA."

Representative George E. Brown Jr., Democrat of California, the second-ranking Democrat on the House Science, Space and Technology Committee, said that the White House was "strongly biased toward the military uses of space."

"The funding for the space program is now about 3 to 1 military," Mr. Brown said. "We just have to begin to swing back to something closer to a 50-50 balance between defense and civilian space if we are going to maintain any real progress."

Earlier developments have heightened the concern about who will control the heavy-lift booster. Among them are:

- The decision to give the air force the leading role in developing the hypersonic aerospace plane and giving the military priority to use the space shuttle when it resumes flying.

- The concern of NASA's European partners over the military's role in the proposed space station.

- The administration's decision to turn commercial satellite launchings over to private industry and its slow pace in acquiring unmanned rockets to supplement the shuttle. In Congress, Senator Ernest F. Hollings, Democrat of South Carolina, is one of the air force's few supporters in its dispute with NASA. Mr. Hollings heads the Senate Commerce, Science and Transportation Committee, which oversees NASA's budget, and

serves on the military appropriations subcommittee. He said he favors air force management of the jumbo rocket because NASA, burdened by its recovery from the shuttle disaster and its inauguration of the space station program, would take longer to get the job done. But he conceded that it may be easier to win congressional approval to give the program to NASA than to the air force.

"It appears clear that the intent is for NASA to play a very minimal role," said Senator Howell Heflin, Democrat of Alabama.

Senator Albert Gore Jr., Democrat of Tennessee, warned that the administration's proposal would be a step along the way toward taking NASA out of the space transportation business. In that case, he said, "NASA might as well close its doors."



Bernhard H. Goetz arriving Monday at the court for the beginning of his trial.

Trial Begins for Goetz, a Symbol of Fear of Crime

By Kirk Johnson
New York Times Service

NEW YORK — More than two years after Bernhard H. Goetz, a passenger on a Manhattan subway train, pulled a pistol and shot four young men, questions about the shootings and the laws governing deadly self-defense still reverberate.

Monday, in one of the largest courtrooms of State Supreme Court in Manhattan, the first jurors were chosen in Mr. Goetz's long-delayed trial. Prosecutors, legal experts and others familiar with the case, including Mr. Goetz himself, say the trial, whatever its outcome, is unlikely to settle the issues raised by Mr. Goetz's acts.

Most of the facts of the case are not in dispute. Mr. Goetz, a white electrical engineer from Greenwich Village who was 37 years old at the time and who had been mugged twice before, had admitted shooting four young black men on the subway train Dec. 22, 1984, just after 1:30 P.M.

They had surrounded him, he told authorities in a videotaped statement that will probably be played at the trial, and had asked for \$5.

Convinced, he said, that he was about to be robbed and perhaps harmed, Mr. Goetz pulled an unregistered pistol, selected what he called his "pattern of fire" and pulled the trigger four times.

Three of the shots hit James Ramsey and Troy Cany, both then 19, and Barry Allen, 18, all of the Bronx. The fourth shot missed and ricocheted in the subway car, and Mr. Goetz paused.

Seeing another of the youths, Darrell Cabey, 19, unharmed, Mr. Goetz said, according to his videotaped statement, "You don't look so bad — here's another." He fired again, and the bullet severed Mr. Cabey's spinal cord, leaving him paralyzed from the waist down.

From this brief confrontation, however, has flowed a complex legal case wrapped up in a passionate public debate.

"I don't think the social issues are going to be settled by this trial, if that's what people are looking for," Mr. Goetz said Friday. "In New York, you're still not allowed the right to defend yourself."

Mr. Goetz said he believed the trial would be a fairer one now than if it had been held two years ago, when he was indicted and accused of attempted murder, assault, reckless endangerment and illegal possession of a weapon.

"It's a lot better for me now than two years ago," he said. "Public opinion has matured a great deal. A lot of people identify their interest more with me than with the people I shot."

Legal experts say that because Mr. Goetz

has never denied his actions, but rather has defended them as legitimate self-defense, the important developments in his trial will be in interpreting the evidence rather than the revelation of much new evidence.

Those developments, they said, are likely to center on three main points:

- Whether Mr. Goetz was "reasonable" in his belief that he was about to be robbed, and therefore justified in using deadly force to defend himself. The prosecution must prove that he was not reasonable.

- Whether his fifth shot, fired after the four youths had fallen, must be judged by a different legal standard or whether Mr. Goetz was still "reasonably" defending himself from harm.

- Whether the judge's charge to the jury at the conclusion of testimony will allow the jurors to consider the full "circumstances" in which Mr. Goetz found himself. Under a broad interpretation, the jury could consider more fully his state of mind in light of the two previous muggings he had experienced. A more narrow charge by the judge would limit the jury, so it could consider Mr. Goetz's actions only in the context of the scene in the subway car.

Those issues were focused in the Goetz case by court rulings last year, culminating in a decision in July by the state's highest court, the Court of Appeals. That ruling, which Mr.

Goetz's attorneys believe has essentially changed the law in New York on the justification of deadly self-defense, said a person who acts in self-defense must be judged on subjective and on objective levels.

On the subjective level, the jurors must find that Mr. Goetz believed he was acting reasonably. On the objective level, the panel must find that his actions were what a "reasonable man," in the same circumstances, would do.

The previous legal measure of justification was generally held to be the subjective standard only.

What will be determined in the courtroom proceedings, which began Monday with a jury pool of 136 people and a projected date of April 27 to begin testimony, is how to measure the word "reasonable" in a fast-moving, potentially lethal situation, as well as what may be included in the word "circumstances."

As for Mr. Goetz, who faces up to 25 years in prison on each of the attempted murder counts if he is convicted, he said he had tried to remain philosophical.

"I've gotten an education in the last two years that money can't buy — about society, myself, human nature," he said. "I know many people who are in much worse shape than me. I can't say life has dealt me a bad deck."

Legal, Social Pressures in U.S. Curb Drunk Driving

By Andrew H. Malcolm
New York Times Service

CHICAGO — Widening public and legislative support in the United States for ever-tougher laws against drunken driving and tighter enforcement of existing regulations appear to be noticeably deterring many from driving while intoxicated.

In interviews, officials of several states said they had detected a silent shift in social attitudes against drunken driving, akin to the reduced acceptance of smoking in public. At the same time, social drinkers have been sipping hard liquor in favor of lighter drinks, like wine coolers and light beer.

Some experts see the shifts as part of a broader social trend emphasizing personal health habits involving, for example, less smoking, more physical exercise and greater attention to nutrition.

Statistics indicate that a combination of factors, including federal and state crackdowns and educational campaigns, are having beneficial effects, especially among social drinkers.

"There's definitely been a change in people's attitude toward drinking and driving," said John Boffa, spokesman for the Governor's Traffic Safety Committee in New York. "They take it far more seriously now."

For a while, several officials said, the public's declining tolerance for

drunken driving and its related toll was far ahead of the more lenient attitudes of judges and elected representatives. But now the officials seem to be catching up.

According to U.S. statistics, 44,000 people die on American highways each year, about half of them in accidents involving alcohol. After bolstering their laws, some states are beginning to report reductions in the number of alcohol-related deaths.

John J. Grant, the program director for the National Commission Against Drunk Driving, which monitors legislative and educational activities in the states, said that in the last five years, about 3,000 laws on drinking and driving have been proposed around the nation, and as many as 400 new ones enacted in the states to strengthen enforcement.

While he said that there was work yet to be done and that some states had laws that are weaker in one respect than others might be, "overall the states in the last five years have begun to address the problem."

In Illinois, nearly 92 percent of the 55,000 people arrested last year for drunken driving lost their driving privileges, up from only 25 percent a few years ago. The secretary of state, Jim Edgar, recently proposed legislation for even tougher regulations aimed at repeat offenders, about 22 percent of all drunken driving arrests here.

FBI Says PLO Faction Seeks Aid in U.S.

Los Angeles Times Service

LOS ANGELES — The Popular Front for the Liberation of Palestine is attempting to cultivate "broad-based grass-roots support" in the Arab-American community and from leftist organizations in the United States, according to a confidential report by the Federal Bureau of Investigation.

The main allegations in the report are that the Popular Front conducts "clandestine intelligence activities" in the United States and "funds its U.S.-based operations and contributes to the organization

abroad" from the Arab American community.

Also, the report said, the group attempts "to join various leftist organizations, foreign and domestic, violent and nonviolent, to promote their objectives, and draws upon the vast manpower pool within the Arab-American communities to assist in filling its military ranks overseas."

The report followed a three-year investigation by the FBI into the Popular Front, a Marxist faction of the Palestine Liberation Organization with a history of terrorist attacks



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INTERNATIONAL Herald Tribune

Europe of the Snails

Tomorrow, March 25, the fifth day of spring and feast of the Annunciation, is the 30th anniversary of the Treaty of Rome...

ciency, which would have appalled the founding fathers and which even now relationships inside and outside Europe...

Israel and South Africa

Even when Israel's coalition leaders do right, it seems to come out wrong. It has been an open secret for years that Israel has been a covert arms supplier to South Africa...

secret partner mocks Israel's moral claims, affronts black Africa, provides a propaganda windfall for the PLO and embarrasses all of Israel's allies...

Base Pains in Spain

Haggling about military bases has all the joys of arm-wrestling on a sinking raft. Global strategic interests get hopelessly mized with angry regional disputes...

maneuver. The bases were established under a 1953 accord that was a major political coup for the then isolated dictator, General Franco...

Other Comment

Listen to Saudi Complaints

There is British unease at the kingdom's apparent rapprochement with Iran, signaled by the dismissal of Sheikh Ahmed Zaki Yamani as oil minister...

mediators to make any progress toward ending that conflict; and that Saudi efforts to build up the ability of Gulf states to provide their own defenses have neither understood nor appreciated...

Talking About Suicide

Studies have found that the publicity surrounding some suicides tends to generate imitation suicides. But the evidence also seems clear that the publicity helps spur action at both family and community levels...

OPINION Building a Wall Doesn't Solve the Problem

By Robert B. Reich

BOSTON — In the third century B.C., Emperor Shih Huang Ti began building a wall along China's northwest border to seal off the Middle Kingdom from marauding nomads...

with so lucrative a market beckons. Americans cannot get control over the drug problem unless they get control over themselves...

tion is U.S. responsibility for the torrent. Americans are eager to hire illegals because they cannot find fellow citizens to pick perishable crops...

As for the West, it is not an embarrassment for it to be in such a hurry to applaud Moscow for promising conditions that they themselves would not tolerate for one moment?

Openness Is in Order Here, Too

By Stephen S. Rosenfeld

WASHINGTON — There is a new strategic debate waiting to begin, or so I have come to suspect after trying to sort out a batch of my thinking by experts inside and outside the Reagan administration...

The solutions have less to do with containing "them" than with taking joint responsibility.

In seeking to ensure national security, there has been an even greater temptation to build the walls higher rather than to take joint responsibility with "them" for managing a relationship capable of yielding devastating losses on all sides...

About Bases, Facilities and Local Enmeshments

By John C. Ausland

OSLO — Since the 1960s the struggle between the United States and the Soviet Union has taken on the character of a global contest. A significant part of this competition has involved acquisition or improvement of bases and facilities in foreign countries...

vides an excellent base for intelligence, naval and air operations in the Caribbean. These comments apply with particular force to peacetime. How these Soviet arrangements would operate in wartime is another question...

and facilities, the United States and the Soviet Union have to take the desires of the host country into account. The United States finds it easiest if the host country feels threatened and wishes to keep its defense budget down...

The Time Has Now Come to Reject the System Itself

This comment was prepared by seven dissident Soviet émigrés living in the West: Vadim Aksyonov, Vladimir Bakovsky, Eduard Kuznetsov, Yuri Lyubimov, Vladimir Maximov, Ernst Neizvestny and Alexander Zinoviev.

ARE Mikhail Gorbachev's new policies the historical turning point we have been praying for, signaling the end of oppression and misery in the Soviet Union? Or are we witnessing only a short-lived "thaw," a tactical retreat before the next offensive, as Lenin put it in 1921?

same old party monopoly on the truth, with the order being that for the moment truth must be critical of the regime itself. Such an order could be countermanded tomorrow.

gration and withdrawal from Afghanistan. They could even publish Alexander Solzhenitsyn's "Gulag Archipelago." They could become as "free" and "capitalist" as Poland, Hungary, Yugoslavia or China.

school and prevent any further militarization of society. Most of all, it must tell the truth about the crimes committed by the Soviet regime.

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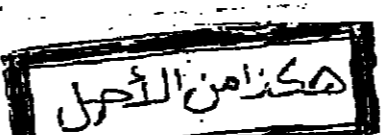
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The War That Won't Go Away

In El Salvador, Fight Grinds On With New Tactics, Goals

By William Branigin
Washington Post Service

EL PAISNAL, El Salvador — Standing stiffly on the bridge over the Rio Saco, Colonel Leopoldo Antonio Hernandez saluted smartly as a band played the national anthem. His pistol was holstered on his right hip. Behind his back, in his left hand, he clasped a pair of scissors.

Colonel Hernandez's contribution to the seven-year war against El Salvador's leftist guerrillas this particular morning was a ribbon-cutting ceremony reopening a dirt road recently cleared by the army.

About 10 miles (16 kilometers) to the southeast, meanwhile, on the forested slopes of the Guazapa Volcano, units of the Farabundo Marti National Liberation Front are trying to re-establish bases around the volcano. Salvadoran soldiers, backed by planes and helicopter gunships, are trying to clear them out in a campaign called Operation Phoenix.

The ribbon-cutting ceremony and Operation Phoenix represent two sides of a civil war that, more than seven years after it started, grinds on with no end in sight.

Diplomatic and military sources here agree that this is still the "real war" in Latin America. While the conflict in Nicaragua between rebels known as contras and the Sandinista government ostensibly involves more combatants now and has captured much greater U.S. at-

ention, it is in El Salvador that the stronger insurgency is found.

It is a war marked by continually evolving tactics. Both sides have broken their fighting forces down into smaller units. The guerrillas seem to be veering away from overall military victory and toward attacks on the national economy.

A resurgence of major guerrilla operations this year appears to have sent a defiant message: that the U.S. policy objective of turning the war into a "low-intensity conflict" cannot be assured.

The guerrillas have brought nationwide transportation to a halt three times this year with threats to attack any vehicles using the roads.

The military is devoting an increasing amount of effort to a U.S.-financed civic action program called United to Reconstruct. Its aim is twofold: to change the military's image as a force linked with brutal repression, and to attack some of the causes of the insurgency.

Both sides seem to be devoting more attention to political and propaganda work aimed at winning over civilians. One result, according to human rights investigators here, is some progress toward "humanizing" a conflict in which an estimated 62,000 have died since 1979.

Prisoner exchanges have been organized in recent weeks. The government has allowed wounded rebels to be evacuated for medical



In Beirut, a Frenchman Seeks to Save His Son
Marc Normandin, center, entered Moslem West Beirut on Monday to try to plead for his son, Jean-Louis, who was kidnapped March 8, 1986. The Revolutionary Justice Organization, a Shiite group, on Monday released a videotape of the French hostage and said that it had canceled plans to kill him, in response to pleas from religious leaders. Meanwhile, Tehran Radio said Monday that the group was also holding Terry Waite, the Anglican Church envoy who has been missing since Jan. 20.

Sierra Leone Military Thwarts Revolt

FREETOWN, Sierra Leone — Forces loyal to the military president, Major General Joseph Saidu Momoh, thwarted a coup effort in Sierra Leone on Monday, government sources said.

The revolt, which the sources said was apparently led by senior police officers, included an unsuccessful raid on a military arsenal in Freetown.

A senior policeman was arrested on suspicion of leading the revolt, police sources said. He was identified as Joseph Kai Kat, an assistant superintendent in the New England district of western Freetown. His brother was also detained.

Police and army forces patrolled in central Freetown, and there was no sign of further trouble. The police sources said a search was continuing for other senior policemen suspected of having participated in the revolt.

General Momoh summoned top ranking police and army officers on Monday morning for discussions, government sources said.

General Momoh, a career soldier who had been commander of the army, became president in November 1983 in a peaceful transfer of power from the civilian president, Siaka Stevens.

Many Sierra Leoneans had hoped General Momoh would re-

Iran Is Embarrassed By Reported Rifts Over Arms Sales, Leadership

By Patrick E. Tyler
Washington Post Service

TEHRAN — Iran's revolutionary leadership has been embarrassed by disclosures that it purchased U.S. arms through Israel and by reports that its religious hierarchy is involved in a bitter struggle over who will succeed Ayatollah Ruhollah Khomeini, according to Iranian and Western sources.

The sources say that the revelations of Israeli involvement in arms shipments and discussions about opening a political dialogue with the West have astonished many officials in the Islamic-based Iranian power structure.

The regime has emerged much of its revolutionary fervor over the last eight years by rhetorically lashing the twin Satans, the United States and Israel.

Particularly damaged by the disclosures, according to the sources, has been the prestige of Iran's powerful and politically adept parliamentary speaker, Hashemi Rafsanjani.

Having unequalled influence over the day-to-day governing of Iran and its strategy in the war against Iraq, Mr. Rafsanjani must now contend with the political fallout from disclosures of clandestine contacts he supervised with Israeli officials and agents.

Although Ayatollah Khomeini initially came to Mr. Rafsanjani's defense by cutting off a parliamentary inquiry into the arms deals, the sources said, Mr. Rafsanjani's political stature continues to be stained by the episode. It may have compromised his credentials to play the kingmaker role he has seemed destined to play.

"You can deal with the 'great satan' because everybody still really likes America," said a Western diplomat, "but the key point is the question of dealing with the Israelis, and Mr. Rafsanjani fears his association with dealing with Israel."

As a result, the sources say Mr. Rafsanjani has thrown himself more vigorously into preparations for new military offensives against Iraq while minimizing his comments about the clandestine arms initiative.

Presiding at Friday prayers last week for the first time in several weeks, Mr. Rafsanjani, who is usually laconic, spent what observers said was an inordinately brief time discussing current events.

His only reference to the Tower commission report on the arms sales to Iran was an accusation that it "contains points which are made to incite the Soviet Union against us."

A number of observers have noted Mr. Rafsanjani's absence from recent parliamentary sessions. Officials familiar with the speaker's travels have reported him deeply involved in planning a major offensive on the southern war front.

Iranian officials, but particularly Mr. Rafsanjani, have repeatedly promised a decisive military blow against Iraq before celebrations begin this weekend for the Iranian new year.

One diplomat, who a month ago was reporting to his government that Mr. Rafsanjani would control the political succession in Iran upon the death of Ayatollah Khomeini, said in an interview that he has modified his assessment.

"It is doubtful that he can main-

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Home for Business Travellers in Taipei

New York Times Service

RANGOON, Burma — Twenty-five years ago, a general little known to the outside world pushed aside independent Burma's only elected prime minister and seized control of a young country still struggling to unify and grow.

Promising a "program of beatitudes," the general, U Ne Win, ushered in what he called "the Burmese way to Socialism." Closing the doors to foreigners and foreign influences, and borrowing from the dictums and methods of Marxism-Leninism, he became one of Asia's most durable and enigmatic dictators.

But there were no large national celebrations this month to commemorate that coup of March 2, 1962.

Rangoon residents say this is partly because U Ne Win is a reclusive leader who shuns public appearances and has never tried to build a personality cult. He has dropped his military title, preferring to be known only as the chairman of the Burma Socialist Program Party.

But the silent shuffle past the milestone also has much to do, Burmese say, with the fact that the 75-year-old chairman, after a quarter-century in power, presides over an exhausted, impoverished country.

This year for the first time, Burma, with a per-capita annual income of about \$190, has quietly asked the United Nations to classify it among the world's least-developed countries, according to officials of international organizations.

This could help the government get more aid or better terms for the \$3.4 billion debt whose payments consume three-quarters of its export earnings, diplomats say.

Black-market oil prices have quadrupled here in a year, even as the price plummeted worldwide. Only one of the country's three oil refineries is reported to be working — at two-thirds capacity.

Foreign experts and many educated Burmese contend that many

The Burmese Way Led a 'Golden Land' to Poverty

Nation Finds Little to Celebrate, or to Buy, Under Ne Win's 25-Year Rule

By Barbara Crossette
New York Times Service

"And this was the country for which we had the highest hopes," a British consultant said. "It had everything going for it at independence."

Burmese remember when their country, with its rich soil, minerals, gems and hardwood forests, was known as "the golden land."

Today's Burma, the pagoda-studded Buddhist nation that tourists find quaintly charming for its isolation and absence of technology, is for those who live here a country without adequate medicine, sanitation or housing. It is a country whose functioning economy is almost entirely in the hands of the black market.

Survival has made schemers of everyone, a well-educated Rangoon woman said. "I no longer have time for friends," she said. "I'm always thinking of how to earn the next little bit of money."

This month, in a budget session of the Burmese Parliament, government officials said the country had been hard hit by a sharp drop in the prices of minerals and rice.

A deputy prime minister acknowledged that, at least economically, isolation was not possible.

"Burma is no exception," he said. "It has to face such repercussions of international economic difficulties."

But questions from members of the legislature pointed to other, more fundamental structural problems: depleted land, crumbling roads, illegal levies by local officials who may be living on salaries as low as \$10 a month.

As prices rise rapidly, corruption pervades the military and civil service, Burmese say. A resident of Rangoon took a visitor to a spot at the edge of the city where military vehicles come to sell subsidized gasoline to civilian buyers.

Black-market oil prices have quadrupled here in a year, even as the price plummeted worldwide. Only one of the country's three oil refineries is reported to be working — at two-thirds capacity.

Foreign experts and many educated Burmese contend that many

of the country's problems stem from poor management and a shortage of technical expertise.

The country's political philosophy rests on two often vague and contradictory documents promulgated by U Ne Win after taking power: "The Burmese Way to Socialism" and "The System of Correlation of Man and His Environment." They are never discussed. Dissent of any kind is not allowed in Burma, although a few clever satirists manage to circulate widely read fables and allegories.

"Only one minister has a college education," one Rangoon resident said. "So none of them understands what is between the lines."

Last April, the government withdrew the registration of local representatives of foreign companies, putting all trade under a state monopoly. At the end of the year, dozens of businessmen from Japan, Burma's largest aid donor, and South Korea, were asked to leave the country because of their unwillingness to comply. American aid is limited to primary health care and oil-seed development projects valued at only a few million dollars.

In recent parliamentary speeches by ministers, there were no hints that Burma's leadership was rethinking any of its basic policies — a stark contrast to the Vietnamese, who are now trying to "revolutionize" their economy with more private initiative.

But diplomats and other foreigners who work here say the Ne Win government has not been without its successes. Ethnic rebellions and a Communist insurgency have been pushed back to the country's borders and are often referred to now as merely "irritations."

Basic medical care has been extended to most parts of the country, hampered only by a lack of equipment and medicine. Schools and agricultural cooperatives to assist farmers have been built in rural areas. No one starves.

Private rituals and private housing have not been tampered with by the Ne Win government. Religions — Buddhism, Christianity, Islam and spirit worship — flourish as they no longer can in Communist Indochina.

But many Burmese say U Ne Win, cut off from the people by walls of security and layers of self-serving bureaucrats, is perhaps not even aware of the shortcomings of the "Burmese Way."

"I still think he is probably a good man, maybe even a kind man," one of his critics, a Burmese intellectual, said. "But he no longer knows how we live."

Iranian officials say to Ayatollah Khomeini have attacked the Western media for focusing on the national competition between his most senior followers

Iranian officials say to Ayatollah Khomeini have attacked the Western media for focusing on the national competition between his most senior followers.

Last week, Ayatollah Khomeini, 86, told officials assembled at the city's Jamana mosque not to believe foreign press reports that "there is a power struggle in Iran." The media, he said, assumed "that two factions are playing a tug-of-war for power."

He warned that "when and if we notice" such a power struggle, "we will be religiously obliged to stop it at whatever price," even if it meant "exposing or sacrificing one person or a group for the nation."

The two principal contenders for power after Ayatollah Khomeini's death, Mr. Rafsanjani, 52, and Ayatollah Hussein Ali Montazeri, 63, quickly accepted Ayatollah Khomeini's admonition.

In a statement to parliament, Mr. Rafsanjani blamed "our enemies" for "creating discord whose traces are clear in the devils broadcast from their media."

Mr. Montazeri told a group visiting him in the religious capital of Qom, "Regrettably, every day we play with each other's honor" and "discredit each other."

He warned, "The one who digs a well for a brother, he himself will fall in."

KUWAIT: Gulf War Threatens the Comfortable Life

(Continued from Page 1)

to stand on his feet and answer criticism is very strange."

Crown Prince Saad al-Abdullah al-Salem al-Sabah, the emir's cousin and the prime minister, so tired of the exercise that he began spending long periods in London.

What the emir's decree demonstrated, diplomats and scholars here say, is the way in which oil wealth, rather than introducing new political ideas, has tended to reinforce the traditional tribal governing structure.

This was noted by a Kuwaiti sociologist, Mohammed Rumaihi, in his recently published book "Beyond Oil," when he wrote, "It is the ruling clan, in the form of the state, that distributes oil income."

"Capitalism and socialism are old economic definitions," Mr. Rumaihi said in an interview. "A re-

Kampelman Recovering From Mild Heart Attack

The Associated Press

WASHINGTON — Max M. Kampelman, the chief U.S. negotiator to the Geneva arms talks, is recovering here from a mild heart attack suffered last week, an aide said Monday.

Mr. Kampelman, 66, was admitted to George Washington University Hospital on Friday after what was described as a mild heart attack. He is expected to be released within a week, his aide said.

Bank Official in Italy Held in Embezzlement

ROME — A bank official in Italy was held in connection with an embezzlement case, police said Monday.

The official, a 45-year-old man, was arrested after a probe into the disappearance of millions of dollars from a bank account.

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Japan's Industrial Evolution

IN THE NEWS

Jan. 21: Currency Talks In Face-off With Dollar

In an attempt to break the U.S. currency's slide against the yen, the finance minister of Japan, Kichii Miyazawa, and the Treasury secretary of the United States, James A. Baker 3d, met for two hours in Washington. The officials reaffirmed their willingness to cooperate on exchange market issues but did not reach agreement to cut interest rates.

More on the YEN, Page 9

Jan. 23: Military Spending Allowed to Rise

Japan formally drops a policy that had put a cap on yearly increases in military spending. The 1976 law confined the annual military budget to less than 1 percent of the gross national product. The 1987 military budget rose to 1.004 percent of the GNP, or \$23 billion.

More on DEFENSE, Page 12

March 1: Proposed Tax Generates Protests

A proposed 5-percent sales tax spurs protests by opposition politicians, retailers and consumers, even members of the ruling Liberal Democratic Party. The tax would be Japan's first across-the-board indirect tax, and the first step toward reform of the domestic tax system.

More on the ECONOMY, Page 8

March 3: Nakasone Urges Creation of Jobs

Prime Minister Yasuhiro Nakasone calls for urgent measures to create new jobs after his government announced that unemployment hit a record 3 percent in January. Government officials attributed the joblessness of 1.82 million Japanese rise to declining exports.

JOBS, Page 11

'Anthopper' Is Breaking The Mold

By Takashi Oka

TOKYO — Japanese society is moving from the age of the ant to that of a new beastie, the anthopper. The change is bringing about a revolution in consumer habits and spending patterns. People still save: Government statistics show that savings averaged \$46,000 per household in 1983, 2.62 times as much as 10 years before. But they also borrow, to the tune of \$17,000 per household, or 3.47 times the amount of 10 years earlier.

They still buy things, but more and more they look for purchases that will express their individuality, rather than following the crowd. In work and play, they still tend to operate in groups but, as with their buying, they are beginning to assert individual tastes and desires.

The anthopper, as you may guess, is a creature that combines the characteristics of Aesop's ant and his grasshopper. Westerners coming to Japan for the first time may feel that the ant mentality dominates. But to those living within Japanese society, the evolution is noticeable and somewhat alarming. After all, the anthopper is a hybrid, a transitional figure. Is he preparing the way for the triumph of the grasshopper?

No one can be certain. Dentsu, Japan's giant advertising and marketing company, popularized the term anthopper. Kimiharu Matsuda, a manager in Dentsu's marketing division, defines the creature as a middle manager in his late 30s who knows how to behave like an ant but is no longer satisfied just to be one.

Tadashi Ono, for instance, works for a company striving to catch and ride the new wave. Autorama Inc. sells Ford Fiestas and Lasers, made by Ford's Japanese partner, Mazda. Mr. Ono, 40, heads a team that is trying to customize interiors for clients with specific wants. How about a car with waterproof seat covers for surfers or scuba divers? Such a car would also feature a special saffron undercoating, which Mr. Ono is hoping to obtain from a U.S. manufacturer.

Mr. Ono is short and smiles easily. He loves his work, spending 10 to 11 hours a day in his office high in a Tokyo skyscraper. To that extent he remains a typical ant. But he does not carouse after hours with colleagues and customers, as those of an earlier generation would do. He repays \$330 a month on an apartment that he bought four years ago for \$112,500 and that is now worth more than twice as much. The rooms are tiny, but his daughter and son have their own bedrooms.

Mr. Ono comes home each day too late to share dinner

Continued on page 10

The Yen Shock

Beyond Exports Lies Need to Restructure

By John Burgess

TOKYO — After maintaining suspense for months, Nippon Steel Corp. went public in February with details of its plan to slim down drastically and thereby gain hope of survival under the stern rule of the new, strong yen. Over the next three years, the giant company said, it foresees cutting 19,000 employees from its rolls and going from the current 12 operating blast furnaces to eight.

The scale elsewhere might not be so dramatic, but export-oriented companies all over Japan are facing similar unpleasant decisions these days. The country is locked in a recession brought on by the strong yen, forcing a painful shakeout in many of the industries that created the postwar prosperity.

"It's shaping up as a very tumultuous year for the Japanese economy," said Jochen Takahashi, senior staff economist for Mitsubishi Research Institute. It could turn out, in fact, to be the worst since 1974 and the first oil shock.

The Japanese, who by nature look to the long term, hope, however, that it will be a blessing in disguise, a push toward a restructuring that should have started years ago.

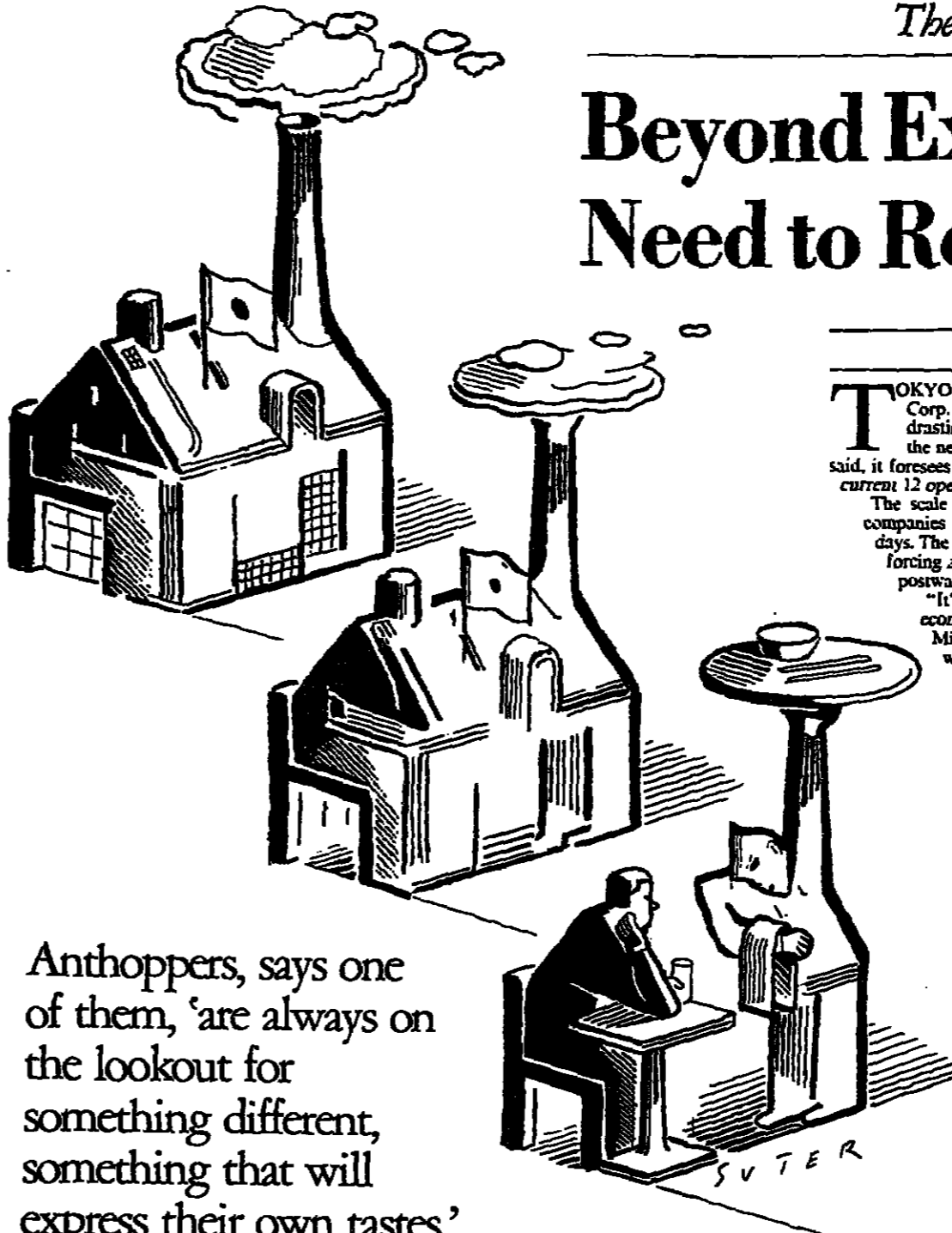
It is time for the \$2.2 trillion economy of Japan, bred on exports, to become "mature," politicians and bureaucrats here say constantly. It should move away from reliance on sales to foreigners for expansionary steam and toward the buying power of the 120 million Japanese.

Still, the hard times brought on by *endakka*, a hybrid word that means "high yen" and has entered the popular vocabulary with connotations of a grave sinister force, show just how far the country has to go in acquiring an economy based on domestic demand.

The recession dates to the September 1985 meeting at New York City's Plaza Hotel by finance officials from the so-called Group of Five, the United States, Japan, Britain, France and West Germany. They decided on a program of market intervention to drive down the value of the dollar. It was then worth about 240 yen, a relatively high value that was helping bolster Japan's mammoth trade surpluses by making its goods cheap to foreigners.

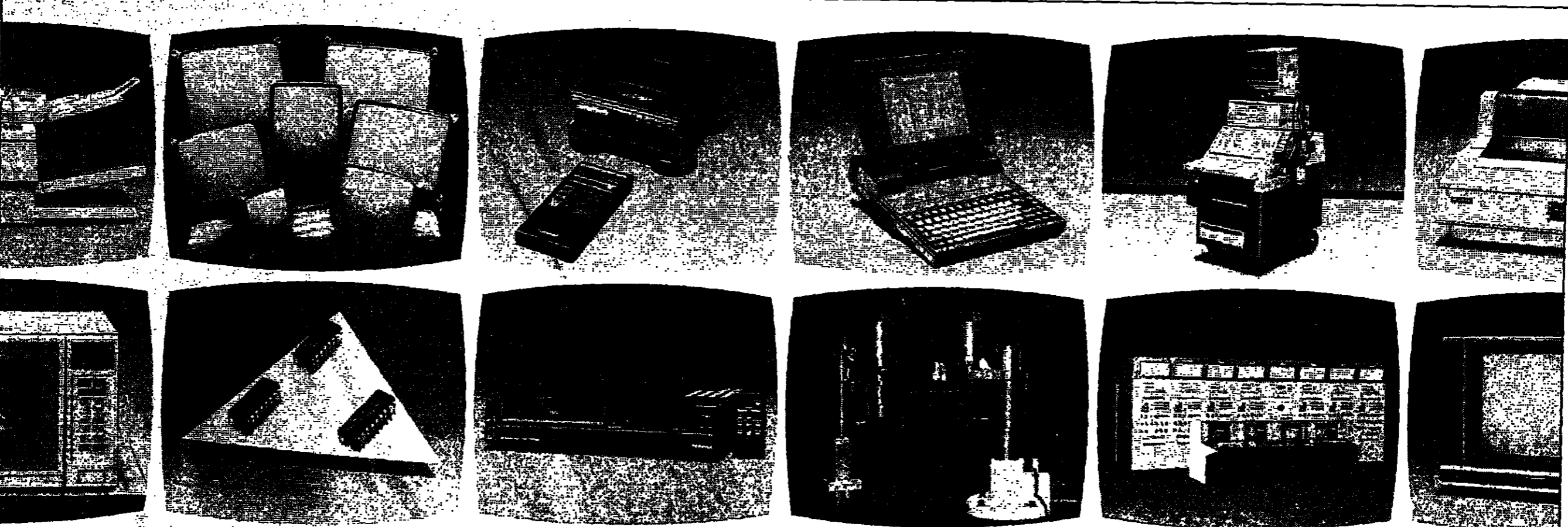
The Japanese went along reluctantly in the belief that damage from trade barriers that would be erected if they did nothing would be worse than anything a currency realignment might bring. But along with everyone else, they were surprised by how far the dollar fell. It now trades for a bit over 150 yen, with

Continued on page 10



Anthoppers, says one of them, 'are always on the lookout for something different, something that will express their own tastes.'

David Sauer



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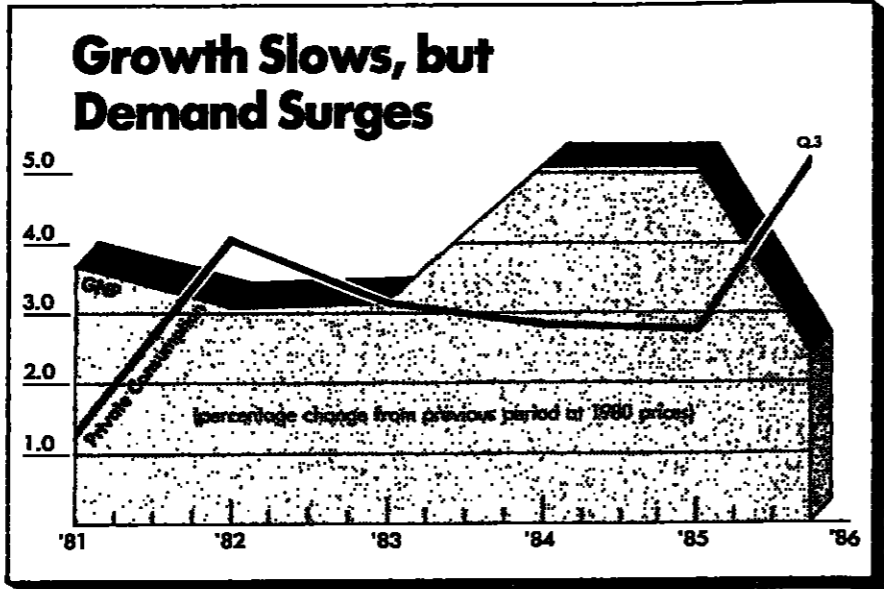
Planners' Rosy Predictions Take on Recessionary Hue

By Gregory Clark

TOKYO — Japan's economy is in much more trouble than its planners have been willing to admit. Only six months ago they had convinced themselves that the shock of sudden yen appreciation to Japan's main export industries would be brief and would soon be canceled out by the benefits of cheaper imports and rising consumer spending.

They had estimated real gross national product growth in the coming financial year, which begins in April, at 3.6 percent, well up from the 2.5 percent level in the year just ending.

Today, this optimistic scenario is beginning



POINT OF VIEW

to fall apart. Pretax profits of major companies have fallen by about 20 percent in the past 12 months and leading export firms have seen falls in the 40 percent region.

The big five steelmakers say they will lay off more than 40,000 workers. Shipbuilders are in even worse shape. Unemployment has reached the high level (for Japan) of 3 percent. Investment in manufacturing plant and equipment fell by an estimated 7 percent to 10 percent in the past year while industrial production fell 0.3 percent.

Meanwhile, Japan's export rivals, mainly South Korea and Taiwan, continue to put export pressure on Japan. In steel production, Korea is much more efficient than Japan's older steel plants and is pressing hard on the productivity levels of even the best Japanese mills. It also exports more ships than Japan does. Increasingly, Japanese companies are having to get labor-intensive parts and materials from abroad or else manufacture abroad themselves.

The Japanese now talk in the same alarmist terms about the "hollowing-out" of their manufacturing sector that they used to reserve for the U.S. and West European economies.

Worse are the signs that the fall in exports and manufacturing generally is starting to spill over into the rest of the economy. To date, nonmanufacturing investment has held up well: It rose by a healthy 12 percent in the current financial year. But estimates for the coming year show a downturn.

Electric power consumption, another good indicator overall, is also turning down. Private consumption spending is inching up at a low rate of 1 percent to 2 percent per annum. Clearly, things are much worse than the planners had anticipated.

Nor is the cause of all this, the bulging trade surplus, likely to go away easily. Exports continue to outpace imports at a nearly 2-to-1 margin in dollar terms. Part of the reason is the J-curve effect of yen appreciation on export dollar earnings.

There are signs, however, that exports in

volume terms are also beginning to rise again. Exporters refuse to give up established markets abroad. They will cut costs to the bone, or even export at a loss, to keep those markets. The falloff in the domestic economy puts even more pressure on them to export.

Few now go along with official claims that the yen is overvalued at about 150 to the dollar. Many now see further appreciation pressure, possibly to the 120 mark. Little credence is given to government forecasts that the trade surplus in the coming financial year will shrink to \$81 billion from the estimated \$94 billion in the current year.

Given all this, the government's reluctance to expand the domestic economy is inexplicable. True, it has cut its discount rate as far as it can, to a record low of 2.5 percent. But only now and under strong pressure from the United States is it considering the more important



Japan's steelworkers face the prospect of large-scale layoffs or transfers to other plants.

step of expanding spending on public works and housing.

Even so, it seems clear that any official action will be a classic case of too little too late.

To date, the government has insisted that its first priority is to reduce the large burden of official debt inherited from more profligate days. Twenty percent of the national budget goes to debt servicing. Conservative planners worried about the mounting burden of welfare payments had persuaded the government to pledge a ceiling on public works and other budget items for well into the future.

Given Japan's high rate of savings, though, and the fact that the debt burden has peaked (at well below current U.S. levels, incidentally), Japan would seem to have good leeway to spend more on badly needed infrastructure such as urban renewal, sewage and better roads.

There are signs that a rethinking is under way. The government has promised to speed up the spending of money allocated for public works. If not this year, then next year, it says, it will increase the size of these allocations. In the meantime, it hopes the private sector will come to the aid of the nation and invest more.

The problem is that the private sector has already found other things to do with its surplus money. A stock market binge is one of them. Even more alarming is the intense speculation in urban land, which has pushed prices to levels where new development spending could easily be choked off.

Some urge major public works projects, such as filling in Tokyo Bay or moving the capital to a new site, as a way to absorb surplus private funds and reinvigorate the economy. But no one seems eager to come up with detailed plans or financing.

More likely, there will be continued hand-wringing while the grinding logic of the change rate forces the economy even further into a recessionary corner.

How long would a recession last? Few underestimate the ability of the still dynamic Japanese economy to adjust to difficulties. And the government seems genuine in its pledges to restructure the economy, including even agriculture, to allow more imports.

But as some point out, even if Japan imported all its coal, textiles, aluminum, oranges, meat and even some of its rice, it would reduce the trade surplus by only a few billion dollars. Far more important is a domestic refraction to reduce the pressure to export.

GREGORY CLARK is professor of international business at Sophia University in Tokyo.

Southeast Asia Is Cashing In on the Relocation of Japanese Industry

By Michael Richardson

SINGAPORE — Noncommunist countries in Southeast Asia that offer attractive investment conditions have started to benefit from a major relocation of manufacturing industries in Japan to other parts of the world.

This upsurge in direct Japanese investment in selected members of ASEAN, the Association of Southeast Asian Nations, was largely triggered by a rapid rise in the value of the yen

against nearly all other East Asian currencies and the U.S. dollar. Since September 1985, for example, the yen has appreciated 53 percent against the Singapore dollar.

This currency revaluation has made exports of goods produced in Japan substantially more expensive, while imports have become much cheaper.

The revaluation, combined with strong pressure from the United States and the European Community on Tokyo to reduce the huge Japanese trade surplus with America and Western Europe, is helping Southeast Asia.

A recent study by JETRO, Japan's External Trade Organization, noted that Japanese businesses, spurred by the yen appreciation, were reducing output at home and shifting production and procurement offshore.

The study said that in Asia, this intensifying trend began in early 1986 with South Korea, Taiwan, Hong Kong and Singapore and spread to Malaysia and Thailand in the second half of the year.

In an interview, Tan Chin Nam, general manager of Singapore's Economic Develop-

ment Board, said the pattern of Japanese investment in Asia was changing.

"Before, Japanese companies used to import raw materials and export finished goods, manufacturing outside Japan only those products that could be made cheaper than at home," he said.

"Now, more and more big Japanese manufacturers are introducing a division of labor. They make finished products and components wherever it is cost-effective."

Western officials said Japan's investment strategy was partly designed to alleviate friction with the United States and the EC by reducing its bilateral trade surpluses.

They said this was being done in two ways: by establishing manufacturing operations in the United States and Europe to avoid protectionist barriers; and by setting up or expanding plants in East Asia and other parts of the world to meet local demand and serve as export bases.

The officials pointed out that exports to the United States and the EC from Japanese industrial ventures in Southeast Asia did not show up in official U.S.-Japanese and EC-Japanese trade statistics.

They said an added bonus for Japanese companies with operations in third countries such as South Korea, Taiwan, Hong Kong, Singapore and its ASEAN partners was access to the U.S., European, Japanese and other developed-country markets through the generalized system of tariff preferences, which gives tariff and other advantages to approved products from developing and newly industrializing nations.

Mr. Tan said it had become common for Japanese companies in Asia to ship components and finished products back to Japan as well as to third countries.

In Thailand in January, after visiting Indonesia and Malaysia, Hajime Tamura, minister of international trade and industry in Tokyo, announced a four-point program of Japanese assistance to accelerate industrial development among the members of ASEAN.

Without giving details, he said Japan would provide technical and financial assistance to the region's export-oriented industries, increase its investment in manufacturing, help expand small and medium-sized enterprises, and enlarge technical cooperation.

The six ASEAN members — Brunei, Indonesia, Malaysia, the Philippines, Singapore

and Thailand — accounted for about 20 percent of the \$83.6 billion invested abroad by Japan in the 35 years to March 1986.

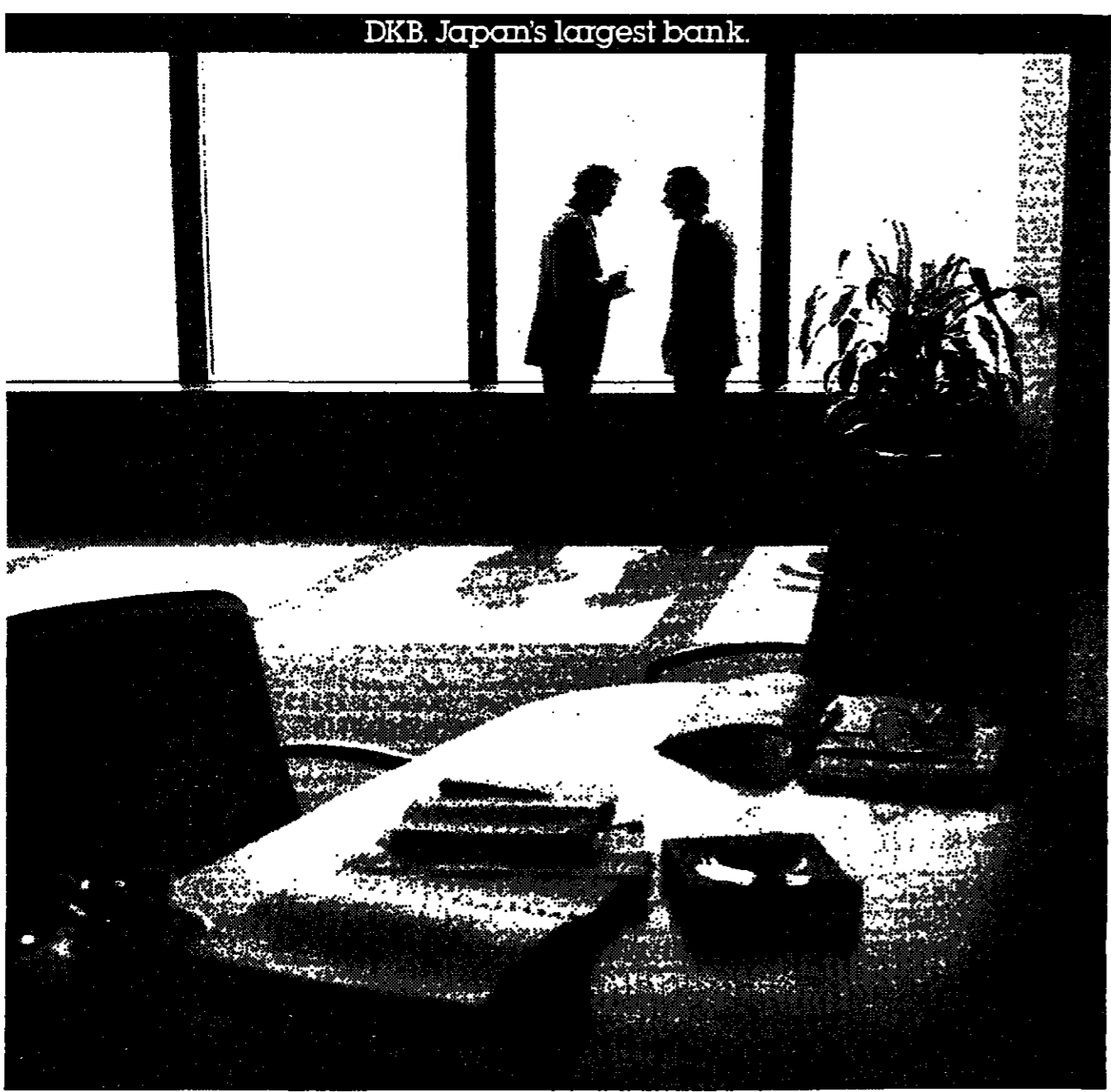
According to figures published by JETRO, just over 29 percent of the \$83.6 billion went into manufacturing, with ferrous and nonferrous metals, chemicals, electrical and transport machinery claiming the biggest shares. In the nonmanufacturing sector, Japanese investments were concentrated in commerce, mining, banking and insurance, transportation and service industries.

However, Asia's share of total worldwide

Brunei's market as too small to be attractive, while the Philippines was perceived to be politically unstable.

Indonesia, Southeast Asia's largest oil and natural gas producer and the world's fifth most populous nation, has attracted just over 10 percent of Japan's global direct investments since 1951.

Statistics issued last month by JETRO headquarters in Tokyo showed that, of the 126 cases of direct Japanese investment in ASEAN in 1986, 63 were in Singapore, 28 in Malaysia, 17 in Thailand, 13 in Indonesia and five in the



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More and more of the big Japanese manufacturers make finished products and components wherever it is cost-effective.

Japanese investment has been declining in recent years, dropping from 16 percent in the financial year that ended in March 1985, to 11.7 percent in March 1986.

In the year to last March, 45 percent of the \$12.2 billion in Japanese investments went to North America, 21.4 percent to Latin America and 15.8 percent to Europe.

Keiichi Oguro, assistant director of JETRO's division for Asia and Oceania in Tokyo, said many more Japanese companies were planning to set up new plants or expand existing production facilities in Southeast Asia.

However, Toshitiro Iida, managing director of JETRO's Singapore office, noted that because oil and other commodity prices had fallen, Japanese industrialists were no longer so interested in securing access to raw material supplies in Southeast Asia by investing in resource-rich countries such as Indonesia.

In seeking offshore manufacturing bases, he said, they were looking for countries that offered political stability and a favorable environment for doing business.

He said most Japanese investors regarded

Philippines. No values were attached to these investments.

Thailand's Board of Investments said new Japanese projects seeking government tax incentives rose to 47 in 1986 from 27 the year before, and were expected to exceed 100 in 1987.

Japanese businessmen said Thailand's attractions included a cheap labor force, a large consumer population and an expanding economy.

Singapore has mounted a sustained campaign to attract Japanese and other foreign investment over the past 18 months and its success has helped lift the economy out of recession more rapidly than expected.

In 1986, Japan moved ahead of the United States to become Singapore's largest foreign investor, accounting for 34 percent of total commitments.

MICHAEL RICHARDSON is the International Herald Tribune's correspondent for Southeast Asia, based in Singapore.

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Trade War ■ Exchange Rates

U.S. Congress Set to 'Bash' Japan

By Clyde H. Farnsworth

WASHINGTON — Within the last two years three Asian leaders — Rajiv Gandhi of India, Lee Kuan Yew of Singapore and Corason C. Aquino of the Philippines — have addressed joint sessions of the U.S. Congress.

This spring around cherry blossom time Prime Minister Yasuhiro Nakasone of Japan is expected in Washington, and Japanese officials are angling for him to get a similar invitation.

Some U.S. officials, however, worry that the increasingly prickly trade relations between the two countries could cause some personal embarrassment to the Japanese leader, are publicly urging that the Japanese reconsider.

A staunch internationalist, Mr. Nakasone, during his four-and-a-half-year reign in Tokyo, has developed close ties with President Ronald Reagan.

Yet, over the same period, Japan's trade surplus with the United States, reflecting at least in part Japan's reluctance to buy American, has more than quadrupled to nearly \$60 billion, and resentments against Japan have deepened.

Legislators gave Lee Kuan Yew a standing ovation during his October 1985 address after he told them of Japan's reluctance to import even from other Asian nations and urged members of Congress to "coerce Japan with all the power at America's command."

The members are following his advice. In the congressional hopper are a number of bills aimed at "bashing" Japan. One, for example, calls on the president to retaliate for Japan's failure to live up to a semiconductor trade agreement.

A Senate trade bill labels Japan outright as an "adversary." The United States would have to curb imports from Japan and other surplus countries under a House bill expected to clear by Easter.

"This may be the year in which the string runs out on Capitol Hill," warned the U.S. trade representative, Clayton K. Yeutter. "The level of frustration with Japan is higher than I have ever seen it."

Although Mr. Reagan would probably veto legislation forcing trade retaliation against Japan, Mr. Yeutter warned in an interview that a veto could become "irrelevant" should such legislation clear overwhelmingly, as is now indicated.

But Japanese resistance to U.S. trade demands is also strengthening, mainly because the dramatic shift in the yen-dollar relationship has hurt export-oriented industries and brought a new phenomenon to Japan — rising unemployment.

So as Mr. Nakasone admires Washington's cherry blossoms, the two nations will be facing what many analysts



Nakasone and Reagan: Is this the Year of the Showdown?

believe is their most serious trade confrontation of the postwar period.

Japan has just reported that unemployment rose in January to 3 percent, the highest level since monthly reporting began in 1953.

Although it is less than half the U.S. unemployment rate, the Japanese figure, which means nearly two million are unemployed, has caused a deepening anxiety that is being reflected in less resilient Japanese positions at the trade bargaining table.

One big worry is that corporate expansion in the United States and elsewhere overseas is leading to a "hollowing out" of the industrial base in Japan.

A recent government report predicts that domestic employment opportunities will shrink by 600,000 jobs by the year 2000.

The mounting frustrations on both sides have stiffened negotiating positions, making compromises less likely on a whole range of issues from semiconductors and supercomputers to the awarding of contracts for a mammoth \$8.5 billion airport construction project in Osaka Bay.

S. Bruce Smart Jr., undersecretary of commerce for international trade administration, who recently returned from negotiations on semiconductors and supercomputers in Tokyo, said he found the Japanese positions "clearly a lot tougher than ever before."

These are the most pressing of a number of specific trade conflicts: Semiconductors: Japan agreed last July to open its market to sales of American computer chips. The target was \$2 billion of additional exports in five years. The Japanese also agreed to help ensure that Japanese companies quit "dumping" chips in the United States and third-country markets at below fair value.

"Clearly, we are very disturbed that Japan has not fulfilled its obligations under that agreement," said Mr. Yeutter. [In Tokyo, Trade Ministry officials on Monday announced a cut in production of semiconductors to avert U.S. sanctions.]

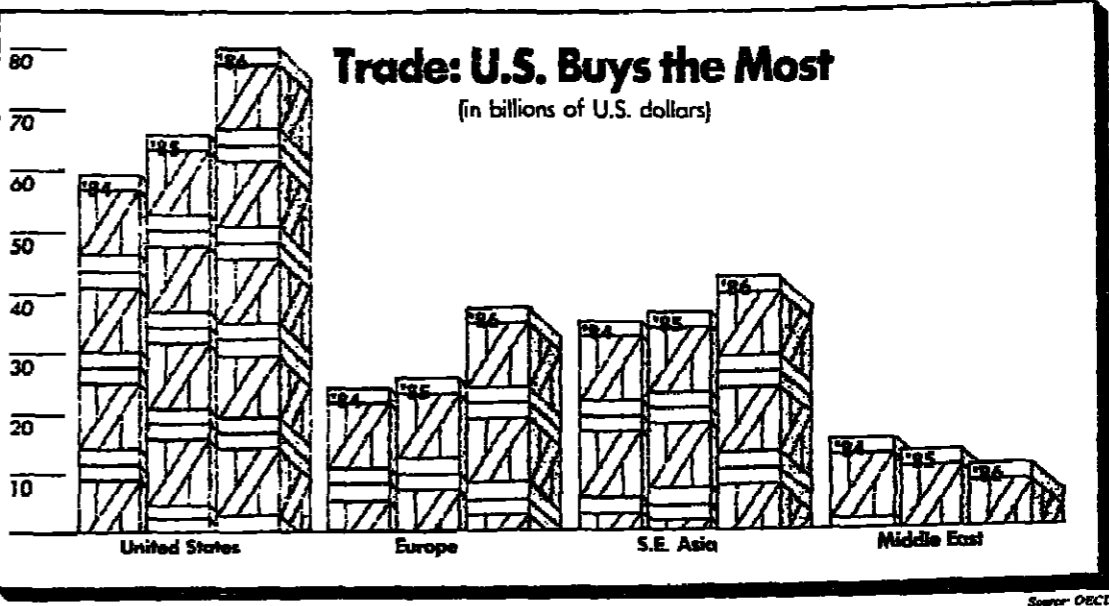
• Kansai Airport: The Japanese are

building an island in Osaka Bay for a huge airport to service the Osaka region. But U.S. and other foreign companies are effectively barred from any of the major construction work. The Associated General Contractors, the trade body for the U.S. construction industry, wants the U.S. government to file an unfair trade practices complaint under Section 301 of the Trade Act of 1974. A more draconian alternative is for the United States to bar Japanese companies from bidding on U.S. air-

port construction projects. Legislation to do this has been introduced by Senator Frank H. Murkowski, Republican of Alaska.

• Supercomputers: The Reagan administration has begun a formal investigation of Japanese barriers to the import of these huge and unusually fast computers, which cost up to \$20 million each. Despite an acknowledged technological lead over the Japanese, the United States has only 23 percent of the Japanese supercomputer market, compared with 86 percent in the rest of the world. The U.S. industry has not sold any supercomputers to the Japanese public sector. The investigation could lead to a formal trade complaint and retaliation.

• Auto parts: The annual deficit in U.S. auto-parts trade with Japan has risen to roughly \$7 billion a year. Since a 1980 agreement, the Japanese have bought only \$200 million of U.S. parts. The agreement had called for purchases of \$300 million in 1981 alone. Now the United States is again pressing the Japanese for greater access, this time within the framework of the so-called MOSS (Market-Oriented Sector Selective) talks. So far, the Japanese have agreed only to provide information, a breakdown of the broad categories of Japanese auto-parts purchases.



The tensions with Japan are rising despite the acknowledgment by many in the United States that the loss of U.S. competitiveness is at least as important an element in the trade imbalance as unfair trade practices in Japan or any other country.

The Japanese Embassy's economic counselor, Yoshiji Nogami, pointed to the "growing feeling in Japan that the trade problems between the two countries are rooted in the U.S. situation."

analysts still see a turn for the better in the trade situation and fear that excessive U.S. pressure will be counterproductive.

"I believe we are going to see a trade improvement in the coming months," said Robert Z. Lawrence, senior fellow at the Brookings Institution. "It is clear that the Japanese are beginning to be hammered in third-markets in terms of price competitiveness."

"Japan bashing will not help in this environment," said George R. Packard,

dean of the School of Advanced International Studies of Johns Hopkins University and director of the Edwin O. Reischauer Center for East Asian Studies. "It will cause more resentment, make it more difficult to get concessions and trouble the waters for Nakasone."

CLYDE H. FARNSWORTH is a New York Times correspondent based in Washington.

Yen's Rapid Appreciation Makes No One Happy

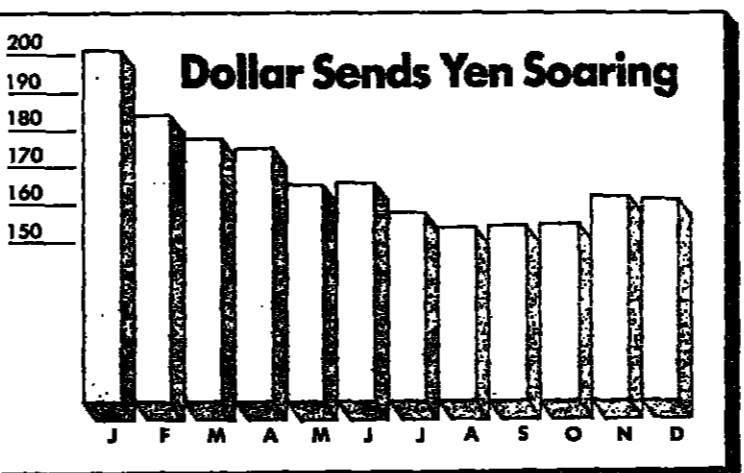
Special to the IHT

TOKYO — In a world of floating currencies, the policy maker dreams. If the financial and monetary authorities of the major industrialized nations have learned anything during two years of trying to solve economic imbalances by juggling with exchange rates, this must be it.

The rapid 40 percent fall of the dollar against the yen since the September 1985 New York agreement between the United States, Japan, West Germany, Britain and France to knock down the overvalued dollar has achieved almost nothing that was expected of it.

Figures sometimes lie, but not in this case. Japan's trade surplus with the world shows no signs of a rapid turnaround, despite the loss of price competitiveness in Japan's major market, the United States. Meanwhile, U.S. exporters seem unable to achieve a quick rise in overseas sales, despite the much more attractive prices of their goods in Japan because of the weak dollar.

In Japan, the structural distortions of the domestic market, coupled with and aggravated by the inability of the government to come up with a solid retaliatory package, have reinforced the harmful effects of the strong yen on the



economy. Japan is facing a mini-recession, which could turn serious.

The government is caught in a dilemma: It is committed to holding down spending so as to wipe out a dangerous national debt, yet locked into promises to its U.S. and European allies to reflate its economy.

On March 10, Japan announced a \$7.13 billion February trade surplus,

almost double the figure from a year earlier and compared with a \$4.30 billion surplus in January. The figures seemed to underline complaints by a U.S. trade delegation that Japan had still not done enough to boost its economy.

The apparently contradictory trends can be largely explained by currency movements and an increasing realiza-

tion by the authorities that they do not have as much power to influence markets and economies as they thought.

The very rapid rise of the yen against the dollar has meant that trade figures on a dollar basis have jumped, yet Japanese companies' profits on a yen basis have slumped.

The apparent success of the Group of Five after New York in devaluing the dollar by concerted intervention and by official policy statements blinding policy makers to the underlying currency movements. By the time of the New York meeting, the dollar was already on the way down, from a high of more than 260 yen at the beginning of 1985 through about 240 in September down to just over 150 now.

The Group of Five hit a market that wanted the dollar down. Now that most market operators are still dollar sellers but the authorities want stabilized rates, the governments are finding it much harder to keep currencies where they want them.

In January, the Bank of Japan just managed to stop the dollar falling below 150 yen, at the cost of buying almost \$9 billion in the open market. Last month, the chairman of the U.S. Council of Economic Advisers, Beryl W. Sprinkel, told Japan that central

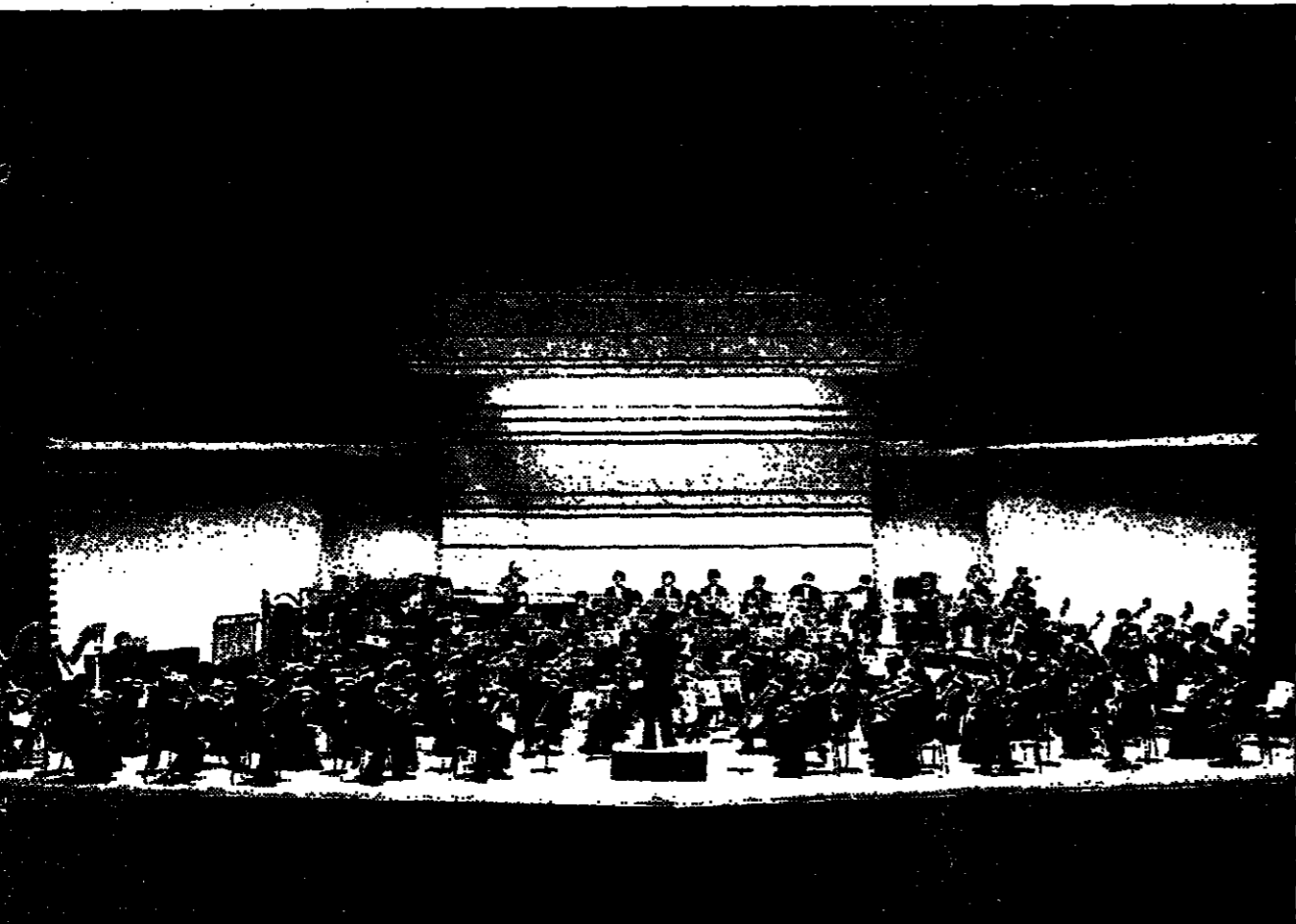
bank intervention was no longer effective in stabilizing the market, which had grown too big to handle.

Market dealers agree that any concerted economic policy package among the five nations would have a tremendous impact on stabilizing rates.

However, the rapid breakup of last October's U.S.-Japanese pact to stabilize the yen against the dollar in return for more Japanese domestic economic stimulation, and the subsequent weak results from the Group of Five meeting in Paris this year, make that prospect highly unlikely, senior dealers believe.

Such a move has also been undermined by a distortion in currency rates stemming from the yen's depreciation against European currencies, especially the Deutsche mark.

A good reason has been healthy European sales to Japan. However, Japan has had even better sales to the European Community as Japanese companies switch out of their now underpriced U.S. market. Brussels has started to complain.



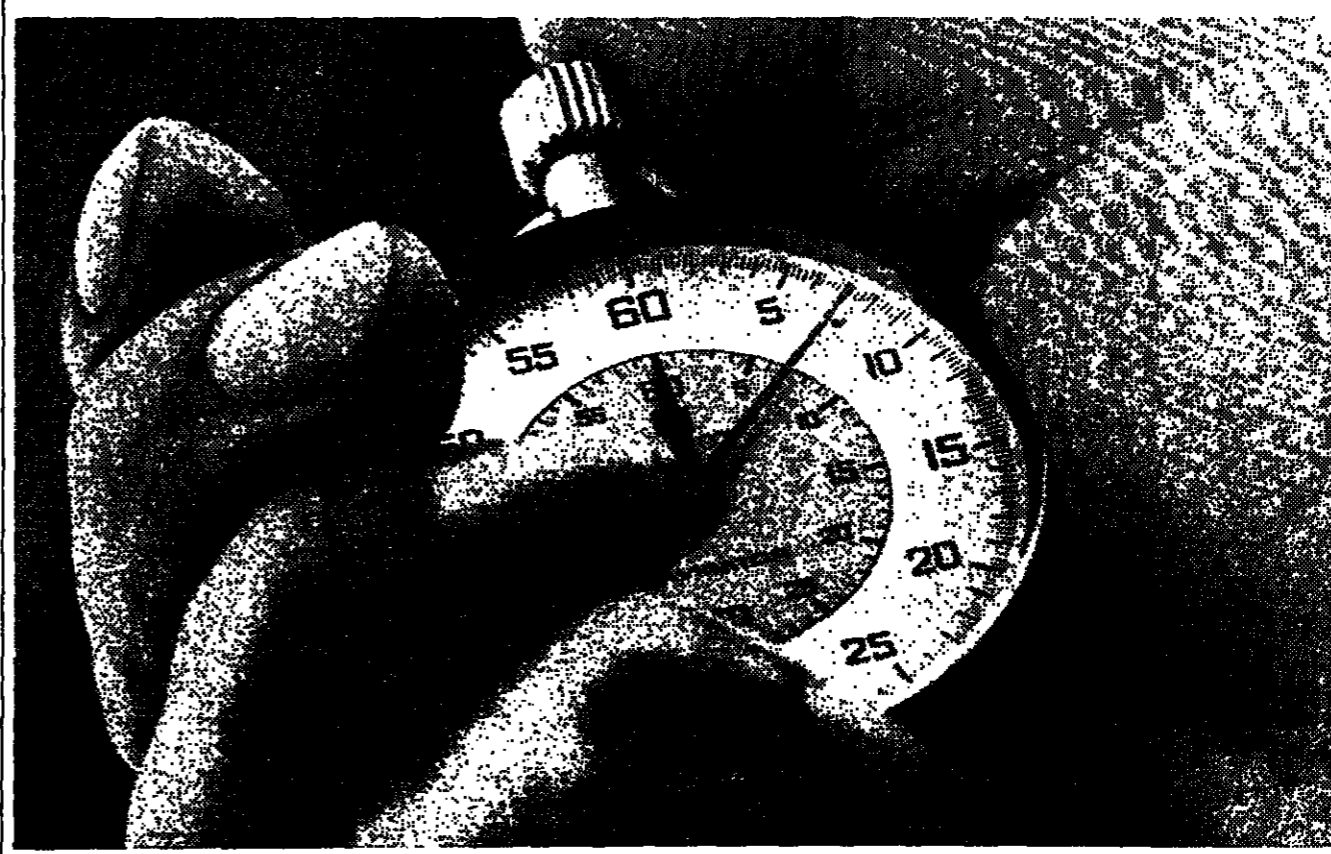
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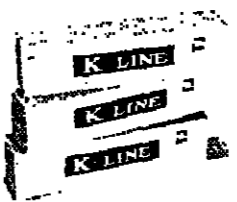
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Financial Deregulation

Bulging Investment Purses Want Government to Loosen the Strings

Special to the IHT TOKYO — Japanese investors face a curious paradox — they have more money to invest than ever, but they are scrambling to figure out where to invest it.

Ministry official, said that "although we are strong proponents of deregulation, protection of small investors or depositors ... remains necessary."

insurance funds — are estimated to hit 215.6 trillion yen (\$1.45 trillion) by the end of this month, a 27 percent rise from a year earlier.

porters of such things as electronics and autos. Instead, many companies are investing in production overseas.

to cope with the devastating effects of the strong yen on export sales. Direct overseas investment was already blooming as a way to sidestep trade barriers, gain market share or cut labor costs.

States, which now absorbs more than 30 percent of the total. Japanese are also looking overseas for financial investment, also mostly in the United States.

Investment in foreign stock markets intensified in the second half of last year and surged forward in December — net purchases hit \$1.5 billion compared with about \$500 million in each of the preceding five months.

Japanese corporations and financial institutions have pressed for other ways to invest vigorously at home, while foreigners, led by the United States, have demanded greater access to Japan's financial markets.

Investors say they want to spread their risk.

corporate profits would have been reinvested in domestic factories. But more recently, the economic slowdown in Japan has meant the closing of many heavy industrial plants and cutting back on domestic production by ex-

surged in tandem with the yen's rise since 1985. Every day brings new reports of companies increasing output in existing overseas facilities, planning to open new factories abroad or buying more parts overseas in an attempt

Such investment in the 1970s centered on developing Asian countries where labor was cheap. But by the late 1970s trade friction had intensified and direct investment spread to developed nations, especially the United

Investors say they want to spread their risk and take advantage of the best yields available worldwide, but until last year they held off equities because of fluctuating currencies.

At home, the Japanese stock market has outperformed most other markets in recent years. For the past five years, it has risen at an average compounded annual rate of 23 percent and is now capitalized at an amount equal to the combined total of all other markets, excluding the United States.

The Finance Ministry has made a series of moves in line with the May 1984 U.S.-Japan currency talks. In 1985 and 1986, new measures for yen-denominated banks, for yen-denominated banks and for government bonds were established.

Throw A Better Part-T

By Christine Chang TOKYO — Masses of people were seen in the streets of Tokyo on Monday, the first day of the 1987 Japanese stock market rally. The rally was the first since the market crashed in late 1985.

Just Wh

By Andrew Horvath TOKYO — Long after the dust has settled, the Japanese government has announced that it will not nationalize assets of foreign companies in Japan.



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*1985 Institutional Investor survey

'Anthopper' Breaks Mold

Continued from page 7

with wife and children but in time for a chat and for a look at his fifth-grade son's homework. "My work is my rice bowl," he said. "But my family is what makes my life worth living."

Nor are anthoppers only male. Kyoko Sato manages a small television production company. She spends long hours, day and night, dealing with clients at home and abroad, researching story projects, arranging interviews and camera crews.

"I buy things because they fit my taste," she said. "They may be Japanese or foreign, or even completely nameless. I don't want something just because someone else has it."

Even consumers of the ant generation — "workaholics living in rabbit-hutch houses, as a European Community official caustically called them — have reached what the media calls the "silver age" and are much more in the mood to spend than they would have been a decade ago.

They have paid their housing loans. Their children are independent. And with life expectancy lengthening dramatically (now nearly 75 years for men, more than 80 for women), most silver-age consumers are still in the prime of life. They go on trips to Hawaii or to Paris. They have hobbies.

As in Mr. Ono's case, exorbitant land costs keep living space within rabbit-hutch dimensions. However, in home after home, this space is being rearranged as gleaming Western-style kitchens and bathrooms replace gloomy traditional interiors.

None of this makes Japan necessarily an easier place for Western companies to do business with. The Japanese distribution system remains infuriatingly unwieldy and inefficient.

Some analysts suggesting it has yet to reach bottom. In the space of less than a year, Japanese companies became about 50 percent less competitive vis-à-vis the outside world than they had been.

The economy slowed to 2.5 percent real growth in 1986. The growth figure for this year is likely to be in the range of 1.5 percent to 2.5 percent, many private-sector economists say.

The damage would be worse were it not for the strong yen's effect of making Japan's imports cheaper. In oil, the country got a spectacular windfall: Not only did the OPEC dollar-denominated price go down, but now fewer yen were required to buy each dollar.

Lower import bills fed a trend that the Japanese find increasingly embarrassing: the expansion, despite the drastic currency realignments, of their trade surpluses as measured in dollars.

The auto industry has been shaken by news of No. 2 producer Nissan Motor Co.'s first losses in its history, \$130 million between April 1 and Sept. 30.

The strong yen appears also to be accelerating slightly Japan's gradual but steady movement into an economy dominated by services rather than manufacturing and agriculture.

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TAKASHI OKA is a correspondent for the Christian Science Monitor in Tokyo.

Economic Restructuring

Continued from page 7

The Japanese feel that, as usual, the Western industrialized world does not understand the sacrifices they are making. Despite havoc in its industries, they note, the U.S. Congress has moved closer than ever to passing a comprehensive trade bill.

Avoidance of such a bill has been a prime objective of Japanese trade policy for years. By the standards of the United States and Western Europe, the sacrifices Japan has made remain small.

By the standards of the United States and Western Europe, the sacrifices Japan has made remain small. Although in March unemployment hit a record postwar high of 3 percent, it is still a figure that most Western countries would love to call their own.

Inflation is near zero and interest rates are lower than ever. But with stability and predictability highly desired in all walks of life in Japan, the events of recent months are deeply troubling.

Altogether, the five major steel producers sustained losses from steel operations of \$1.2 billion in the April-September period last year. Production is expected to fall from around 100 million tons to 90 million tons as all companies carry out capacity cuts on a par with those being done by Nippon Steel, the world's largest producer.

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Dentist; the average Japanese couple can look forward to at least five trips abroad, and these trips often feature special interests such as fishing, cooking or art history rather than simple sightseeing.

Japanese tour operators are beginning to enter the cruise ship business. And for young people, home-stays abroad are often their first venture away from their own homes.

None of this makes Japan necessarily an easier place for Western companies to do business with. The Japanese distribution system remains infuriatingly unwieldy and inefficient.

Some analysts suggesting it has yet to reach bottom. In the space of less than a year, Japanese companies became about 50 percent less competitive vis-à-vis the outside world than they had been.

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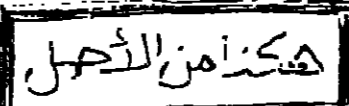
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هكسان الأهل

The Labor Market



'Throwaways' Seek A Better Deal for 'Part-Time' Work

By Christine Chapman

TOKYO — Masae Kimura, a 43-year-old housewife, works in a box-making factory six days a week, seven hours a day. She has Sundays and national holidays off, but that is the only vacation she gets unless she takes a few days off on her own expense. She gets no paid vacation, no health insurance, no bonuses, no retirement pay, and if she leaves work early, she forfeits the hourly wage of 550 yen (about \$3.60, or 40 cents above the minimum 488 yen).

bankrupt, the president disappeared and none of the 46 employees, all part-timers, received their wages for two months. "Most of us were women, with only five men," Mrs. Kimura recalled. "Many of them gave up trying to get the money, but I couldn't give up 200,000 yen, about \$1,000 then. I called the government's branch labor office and they told me about the local union."

"I brought 30 people with me who were laid off at the box-lunch company. After 18 months we got the money back. It was an important incident at the beginning of this union, the Edogawa local."

The local had been formed less than six months earlier with 37 members to represent part-time workers. With the efforts of the union's leaders, most of the missing wages were paid to the 46 employees. Masae Kimura is now a vice-chairman of the local, which has 256 members.

With the number of part-time working women tripling since 1970, unions have begun to support them. Women, once called "throwaways" in the Japanese labor market, represent 70 percent of part-time workers. Women who work part-time have become essential in an economy where the 3 percent unemployment rate is a record high. They are being used in blue (or pink) collar jobs in small factories, restaurants and coffee shops, grocery stores and department stores and other service industries.

Women in the Work Force

Labor statistics show that nearly half the women in Japan hold jobs. However, only 25 percent of women aged 15 and older have regular, full-time employment, while 22 percent work part-time.



Typically, young women leave college and join the work force, remaining until marriage or childbirth. Fewer than half re-enter the labor market after childbirth. Most work in small enterprises or family businesses.



For women aged 50-54, the average length of service is 15 years in large firms, compared to 26 years for men. The importance attached to seniority in Japan's employment system puts women at an earnings disadvantage.



At age 65, about 50,000 women continue working at part-time jobs.

find my earnings getting up there, I take time off." The other goal is to raise the hourly minimum to 600 yen, or \$3.92, up from the current 488 yen, or \$3.19.

In Tokyo, 488 yen an hour is the "minimum minimum," said Edogawa Union's Mr. Kodama. The hourly minimum differs in Japan's 47 prefectures, or states. There is no national standard.

A Ministry of Labor definition for a part-time employee is one who works 10 percent to 20 percent fewer hours than a full-time worker, said Junko Oshima of the Labor Ministry's Policy Planning Division, Women's Bureau. "In an office of 30 or more employees, a part-timer works less than 40 percent of the hours of full-time workers, but some companies are confused about part-time hours," she added.

Whatever the official percentages, there are many women like Masae Kimura who work full-time hours for part-time pay. They give the lie to traditional ideas that women work for "pocket money," that they are only putting in

time until they marry and that they accept the inequities without complaint.

Ministry of Labor statistics show that 85.9 percent are married, that their average age is 42 and 78.5 percent of them are 35 or older. They have two children. They choose part-time employment because of somewhat flexible hours and working conditions that allow them to manage housework and children. Since Mrs. Kimura works in her neighborhood, like many women, she is able to return home on the lunch hour to do the laundry.

The overriding reason for women to work at all is that they need the money. Nearly 56 percent work to supplement the family income, while another 13.5 percent provide the main income of the family. The remainder say they want to improve their standard of living, have money for hobbies and trips and spend their free time usefully.

Some of these part-time women workers have been leaders in separate efforts to improve their working conditions. For 20 years in Japanese courts they have protested unfair labor practices against part-time employees. In

1967, a woman working for a Tokyo cake-making company was fired after six months although she had been hired as a part-timer for a year. The court agreed that there was no reason to fire her, and the case set a precedent against such arbitrary dismissal.

With the coming of respectability to part-time employees, is it government policy to encourage hiring them?

Junko Oshima, of the Policy Planning Division, and Reiko Hamada, of the Women's Labor Division, in the Ministry of Labor, said that officials were neutral on the issue, that it depended on the job market.

Because of the changes the Japanese economy is undergoing as it moves from heavy industry to the service and retail-wholesale industries, where peak hours vary, the demand for female part-timers is increasing, the two officials said.

Since 1981, the Public Employment Security Bureau, an arm of the Ministry of Labor, has run job placement offices nationally. Called "part bank," Japanese-English for a part-time

workers' agency, they are located in large department stores and major train stations. The present 37 "part banks" help place part-timers in companies registered with them. Five new "part banks" are scheduled to be added.

In 1984 the Ministry of Labor published a Part-Time Workers Guideline reminding businesses that the Labor Standards Law applies to part-time employees, too. In November 1986, the ministry organized a 10-day campaign to alert the public to their problems.

A telephone hotline in Tokyo and 10 other areas has been set up by local unions for the use of troubled part-timers.

The harsh criticism of Yoko Sano, a labor economist at Keio University in Tokyo, may no longer be true. In 1985, she said: "In Europe and the United States, they use immigrant labor. In Japan, we use women."

CHRISTINE CHAPMAN is a journalist based in Tokyo who specializes in education and cultural affairs.

Just When Japanese Thought Joblessness Was a Thing of the Past...

By Andrew Horvat

TOKYO — Long thought to be immune from the kind of large-scale unemployment that has plagued other industrialized countries, Japan is about to experience its worst period of joblessness in more than 30 years.

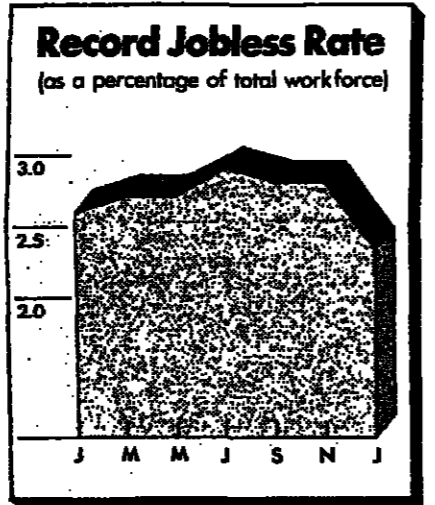
Japanese companies are not simply eliminating jobs; they seem to be letting go of ideals long assumed to be the ingredients of Japan's postwar economic success story — lifetime employment and a strong link between seniority and wage increases.

There are many reasons for the layoffs in Japan but the most apparent is the sudden appreciation in the value of the yen. The dollar, which was worth 242 yen 18 months ago, is trading at just above 150 yen these days. This has meant that in order to earn the same in yen terms as in September 1985, Japanese exporters would have to raise their prices 61 percent.

Although the prices of some Japanese products have increased overseas, most manufacturers have adopted drastic cost-cutting measures at home in order to stay competitive abroad. In many cases, this has meant the elimination of thousands of jobs, the closure of plants and the transfer of work to lower wage areas overseas.

The worst hit of Japan's industries have been steel and shipbuilding, which were already facing difficulties before the revaluation of the yen. Nippon Steel, the world's largest steelmaker, announced earlier this year a plan to shut five of twelve blast furnaces, eliminating 19,000 jobs in the next three years. Although a company spokesman insisted that only 4,000 workers would actually be let go, with others being transferred to related companies, the net result will be a reduction of jobs available for Japanese.

About 37 companies in fields ranging from shipbuilding to electronics have announced 45,000 layoffs. The coal industry will lay off 10,000 miners from a total work force of 24,000. Labor Ministry officials say 38 percent of manufacturing firms have already reduced their work forces as a result of recent changes stemming from the yen's rise.



Added to the thousands of jobs being phased out by declining industries are nearly a million new jobs that Japan's still competitive automobile and electronics companies intend to transfer overseas in the next 15 years.

Japanese business leaders say they have no choice but to move production abroad. "Since the sudden increase in the value of the yen our expenditure on wages is now six times what our competitors pay in the newly industrializing countries," said Takashi Kashiwagi, a director of Hitachi Ltd.

Labor Ministry officials estimate that the high yen has driven 30 percent of Japan's leading manufacturers to move part of their production overseas. Those that are not actually moving factories abroad are cutting down domestic production and increasing procurement of parts from abroad.

Strange as it may seem, however, Japanese unemployment is hardly perceptible to the outsider. According to official figures, joblessness stood at 3 percent in January, compared with 11.6 percent in Britain, 10.5 percent in France, 9 percent in West Germany and 6.9 percent in the United States.

The official figures, however, do not tell the whole story. To begin with, Japanese statistics are based on the assumption that anyone who works more than one hour a week is employed. Moreover, unlike in most countries, soldiers are included in the labor force.

The Japanese practice of sending workers home to wait out tough times at half-pay also makes comparisons difficult. According to the Sanwa Research Institute, just under a million workers are functionally unemployed in this way in the manufacturing sector alone.

Statistics also fail to record the human tragedies of the thousands of workers who will be summarily sent by management to any company willing to take them in.

Bunpei Otsubi, head of the Japan Federation of Employers' Associations, stressed in a recent interview that Japanese companies "must make utmost efforts and find ways not to fire employees. Unless we do so, the trust between management and workers will be in jeopardy." But it is difficult to tell whether Japanese workers will be any less resentful of employer, unlike in most countries, they are shunted off to low-prestige, dead-end work at affiliated companies as part of a process of involuntary transfers.

The specter of large-scale unemployment has cast a shadow on this year's annual spring labor offensive, or *shunto*, the period when Japanese unions negotiate for higher wages. In previous years, steel workers were the first to settle their contracts and the wage increases they received acted as a barometer for other industries. This year, however, steel workers are demanding job security; wage increases are out of the question.

Although lifetime employment never extended to more than 20 percent of Japan's labor force, there is little doubt that in the next three years even fewer Japanese workers will be allowed to stay on until retirement. According to Mr. Otsubi, if all Japanese companies make the effort to retain workers and resort to transfers instead of dismissals, Japan's unemployment rate "will be contained at the 3 percent level." But a government report released in early March predicts unemployment will reach 4 percent by 1990.

Indications are that a number of Japanese

employers are also taking advantage of the depressed labor market to pare down payrolls that reward age over ability. Management at Nissan Motors and Kobe Steel are reported to be pressing for formulas aimed at assessing the performance of workers.

There is another reason, however, why the

effects of unemployment in Japan are difficult to see from abroad: The worst-hit areas are far from Tokyo, in the rust belts to the extreme south and north. Unemployment figures reached 4.2 percent on the northernmost main island of Hokkaido late last year and 3.7 percent on Kyushu in the south. At one Kyushu

coal mine, closed after 100 years, workers complained that they received no offers of employment from affiliated companies.

ANDREW HORVAT is The Independent's Tokyo-based staff correspondent.

New Horizons



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Doubts over Pentagon Policies Blunt Enthusiasm for SDI Role

By Daniel Snelder

TOKYO — For Japan, President Ronald Reagan's Strategic Defense Initiative program offers both opportunities and perils. The lure of access to the frontiers of high technology and the desire to cement security links with its U.S. ally drives Japan forward into participation in SDI.

Yet, fears that Pentagon security regulations will block commercial use of research results, and worries about the political fallout of joining SDI, restrain Japanese enthusiasm.

The Reagan administration's talk of "early deployment" of SDI anti-missile systems, perhaps by 1993, has heightened such concerns. When Edward L. Rowny, the U.S. arms control adviser, visited Tokyo recently to discuss this issue with Japanese officials, they politely reminded him of the terms of their decision to join SDI.

"Japanese officials explained our basic position on SDI participation," said Yukio Okamoto, director of national security affairs for the Foreign Ministry. In September the government laid out a number of conditions, several of which were emphasized to Mr. Rowny. Those were, according to Mr. Okamoto, "that the initiative should be carried out in conformity with the ABM [anti-ballistic missile] treaty; that consultation with allies and negotiations with the Soviet Union should precede actual deployment; and that the decision of the government of Japan was made to join a research program."

Mr. Rowny reassured the Japanese that they would indeed be consulted before any decision on deployment was made. Publicly, the government was satisfied. Privately, an official said, they were worried about the enthusiasm expressed by Mr. Rowny about certain "break-throughs" in technology that could allow early deployment of SDI systems. The official described these as space-based "kinetic kill vehicles" and some ground-based systems.

There is some skepticism over the reality of such claims of technology advance. More seriously, the official said, the Japanese feel that the Americans underestimate the political difficulty this can cause the Japanese government. The opposition parties, without exception, have been opposed to an SDI role, viewing it as a violation of the constitutional bar to joining collective security arrangements. Those parties, a Foreign Ministry official fears, are sure to question the government's assurance last September that they are only joining a "research program designed to provide technical

'We don't feel a strong pressure to reach a hasty agreement.'

knowledge for the future U.S. decision on the development and deployment of the strategic defense systems."

In response, the official said, "we will adamantly stick to our original line that we understand SDI to be a research program and that no decision has been taken on deployment."

But he said he feared that this line would soon wear thin. The political sensitivity of this issue is augmented by the fact that negotiations between Japan and the United States on the actual agreement for SDI participation are unfinished. The government gave the initial nod to participation in research work Sept. 9, a year

and a half after the U.S. offer was first made by Secretary of Defense Caspar W. Weinberger. That decision followed a prolonged study of the program, involving not only government officials but representatives of 21 of Japan's leading high-technology and military production firms.

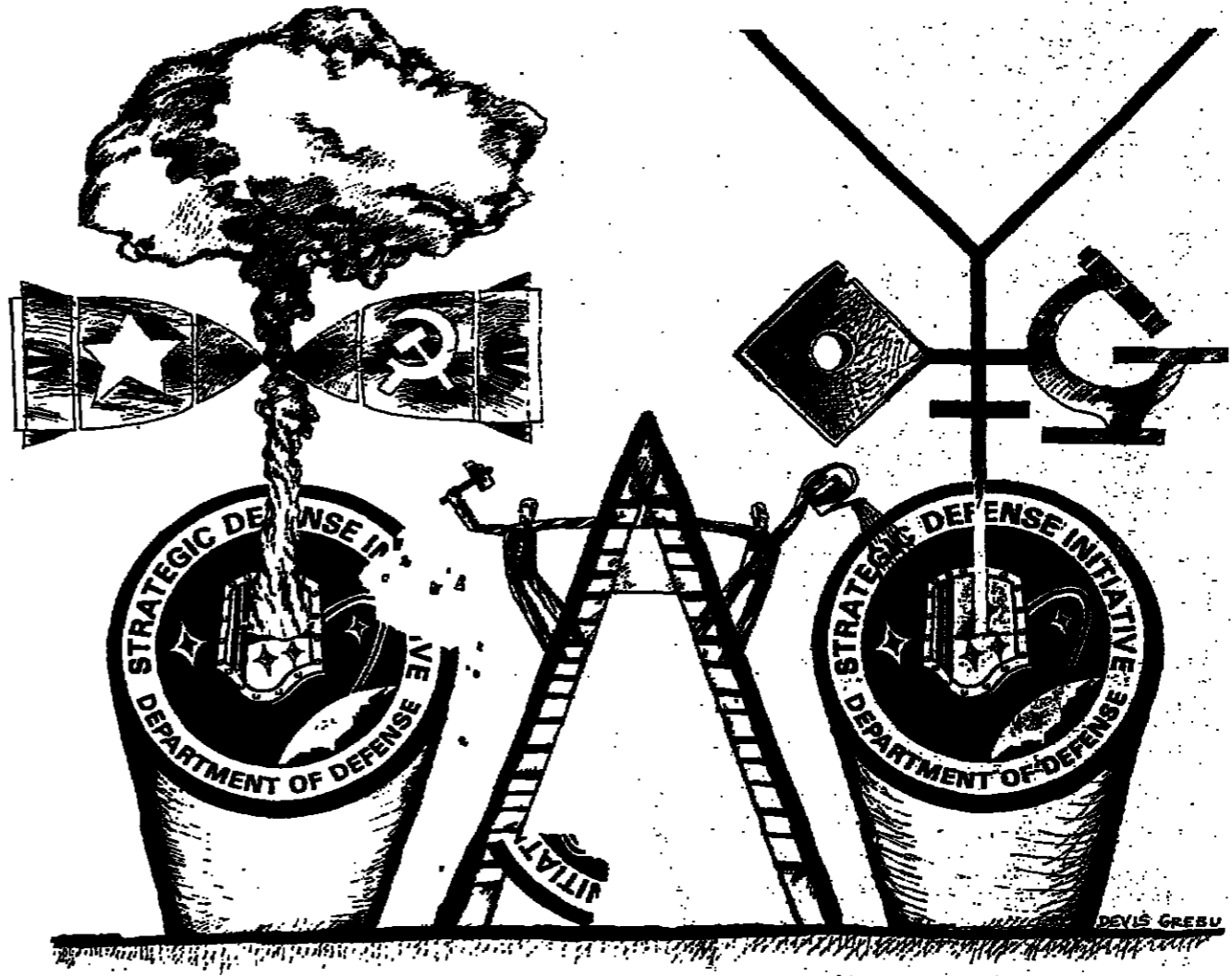
Since September, the Japanese and U.S. governments have been engaged in careful and prolonged negotiations on a framework agreement to govern the participation of private firms and government research labs. Earlier, U.S. officials had hoped to conclude those talks by the end of the year. Now, a Japanese government official said, "we don't feel a strong pressure to reach a hasty agreement, although we would like to conclude this as soon as possible."

The key issue in the talks, Japanese officials say, is the insistence on guarantees that they will be able to take advantage of the results of their research work. SDI offers Japanese companies a valuable path into frontiers of high technology. But they are greatly concerned that Pentagon security regulations will not only void those benefits but could lock up Japanese high technology brought into the program.

This issue was at the center of difficult talks on West German participation in SDI. Japanese officials say privately that they are unhappy with the German agreement, which is reported to reserve the Pentagon's right to own and classify the results of any research work. That agreement is secret, though a purported copy of it was leaked last year to a West German newspaper.

"There is considerable interest" in SDI among Japanese companies, said an official of the Ministry of International Trade and Industry. "But they are somewhat cautious, too. They want the government to clear the passage for them, and only after that they will start walking across."

The MITI official said the companies were



not impatient with the slow pace of the talks. "The Japanese government and industry have little, if any, experience with the Department of Defense acquisition procedures," he said. The talks are aimed at helping Japanese companies "feel more comfortable in participating in SDI projects."

In the meantime, the official said, several Japanese companies have had "preliminary discussions with some U.S. companies on possible tie-ups" in SDI projects. Mitsubishi Heavy Industries, Japan's leading aerospace and military contractor, reported a few months ago an offer from Raytheon Corp. to join a consortium with several European companies to bid on an SDI contract. Mitsubishi de-

ferred because of the government talks but the company says it has a strong interest in future possibilities.

DANIEL SNELDER is a Tokyo-based correspondent for Defense News and The Christian Science Monitor.

Military Budget Creeps Over Magic Mark and the Alarm Bells Sound

By Sam Jameson

TOKYO — To Yuko Kurihara, the director of Japan's Defense Agency, critics such as former U.S. Secretary of State Henry A. Kissinger, who believe Japan will transform itself into a military giant, are mistaking ghosts of the past for realities of the present.

"Kissinger may be a great man, but on this point, he doesn't understand," Mr. Kurihara said in an interview.

In a widely circulated article, Mr. Kissinger said that a decision by Prime Minister Yasuhiro Nakasone to lift an arbitrary ceiling of 1 percent of gross national product on military

spending "makes it inevitable that Japan will emerge as a major military power in the not-too-distant future."

The most immediate effect of the decision was to increase Japan's fiscal 1987 military budget by \$89.3 million more than it could have been raised otherwise. A budget that last year was equal to 0.997 percent of GNP will amount this year to 1.004 percent.

By fiscal 1990, Japan will be capable of withstanding a limited, small-scale attack, a goal it has been seeking since 1976, when the cabinet originally fixed the 1 percent limit.

Even after 1990, however, it will not be able to defend its sea lanes. Nor are there any indications that Japan might one day come to possess, or even wish to possess, nuclear weap-

ons, bombers, airborne landing capability or ground troops able to stage foreign invasions.

Yet, along with Mr. Kissinger, opposition forces in Japan have warned that the decision will once again turn Japan into a military giant. Chinese leaders, too, have expressed this fear.

Mr. Kurihara said such critics were getting the past confused with the present. "In the old days, the military was the emperor's military... It utilized the emperor's power of supreme command... to move politics. Military men... held a veto. If [civilians] refused to listen, they could keep out of a cabinet an army minister or a navy minister" and thus prevent the formation of a government, Mr. Kurihara said.

Today, no elected prime minister, the com-

mander of what Japan now calls the Self-Defense Forces, could ignore the parliament or the people, who, in Mr. Kurihara's mind, constitute the most powerful limit on increases in military spending.

Parliamentary democracy has been firmly established in Japan, Mr. Kurihara said, and "we should hold more pride and faith in it."

One of Japan's leading military experts, retired General Hiroomi Kurisu, a former chairman of the joint chiefs of staff, agreed. In a separate interview, he said that transforming Japan into a military power would mean, first, giving the Air Self-Defense Force an attack capability, including bombers, which it does not have. The Maritime Self-Defense Force would have to be able to launch sea-borne landings, a capability "they don't have at all now." The Ground Self-Defense Forces would need "at least 500,000 troops" or more than twice the present strength, he said.

Nuclear weapons, too, could make Japan a military power, although "I do think Japan could become kind of a military giant even without nuclear weapons," said General Kurisu, who is known as a "hawk."

But "as a matter of reality," he said, none of the elements needed to become a military power stand any possibility of winning approval from the people, "certainly not in this century, and even as far into the next century as is conceivable at present."

Mr. Kurihara said there also were physical limitations on military strength. "Japan is a small, narrow country," he said. "What would we do if we bought 300 or 400 F-15s, for example? We have no airstrips for them... It's nearly impossible to describe how hard it is even to obtain an area to conduct a military exercise."

In addition, the Self-Defense Forces cannot recruit enough volunteers, he said. The ground, air and maritime forces have 241,000 members, compared with a World War II peak of more than eight million. Authorized strength is 272,000.

To General Kurisu, giving Japan adequate military power would require 1.5 percent to 1.7 percent of the GNP. But so sensitive is the public to military spending that "even to get to 1.1 percent of the GNP in defense budgets in the next five years would be an accomplishment," he said.

With the cabinet decision to allow spending for the five fiscal years between 1986 and 1990 to reach a total of 18.4 trillion yen (\$122.7 billion), Japan will be able to expand its military budgets in each of the next three years by "about 5.4 percent," Mr. Kurihara said. That will virtually ensure the achievement of goals

Cost of Defense

(in billions of U.S. dollars)

	Outlays	% of GNP
JAPAN	22.0	1.0
W Germany	27.2	3.1
France	27.7	4.0
Britain	28.7	5.2
U.S.	297.6	6.7

Source: Japan 1987 budget, NATO, ITSS.

fiscal 1987, beginning April 1. Annual increases of 5.4 percent would raise the budget to \$27.5 billion in fiscal 1990, still less than Britain. West Germany or France now spends on defense.

What happens after fiscal 1990 has been left for the next government to decide, Mr. Kurihara said. However, he added, the philosophy of "moderate defense spending" — the core of the 1976 cabinet decision — will be maintained, despite Defense Agency declarations in recent years that the "potential threat" from the Soviet Union has been growing.

"We will put in our plans what is needed for Japan's defense, and as a result of that, look at the amount to which defense spending adds up. [But] we will not be adding items because we have a new law," he said.

The 1 percent limit has come to assume an important place in the anti-war mentality of the Japanese people, born of defeat in World War II, so much so that "it cannot be changed radically," he said.

"Historical experience," Mr. Kurihara said, sustains Asian countries' suspicions of Japanese motives. Japan, however, must keep trying to convince them of its commitment to peace, he said.

Mr. Kurihara said he will tell Chinese leaders when he visits Beijing later this year that Japan "frankly" accepts its responsibility for its war with China and that "we not only won't do it again, but cannot do it again."

He said he welcomed the fact that Washington opposed the idea of Japan becoming a military power. Under the U.S.-Japan security treaty, he said, "the United States should accept the responsibility for Japan not becoming a military giant" by "releasing us from whatever deficiencies [we have]."

Both Mr. Kurihara and General Kurisu said the chief long-term significance of lifting the 1-percent-of-GNP limit would be to refocus debate in Japan from sums of money to what the country actually needs for defense.

"Fussing about 1 percent is nonsense," Mr. Kurihara said. "This doesn't focus on the substance of defense, which is what should be debated."

The 1 percent limit, General Kurisu said, was "a formalistic obstacle that stood in the way of thinking about goals of substance in defense." Its removal, however, will provide no more than a stepping stone toward a realistic debate, he said.

SAM JAMESON is a Tokyo-based correspondent for the Los Angeles Times.



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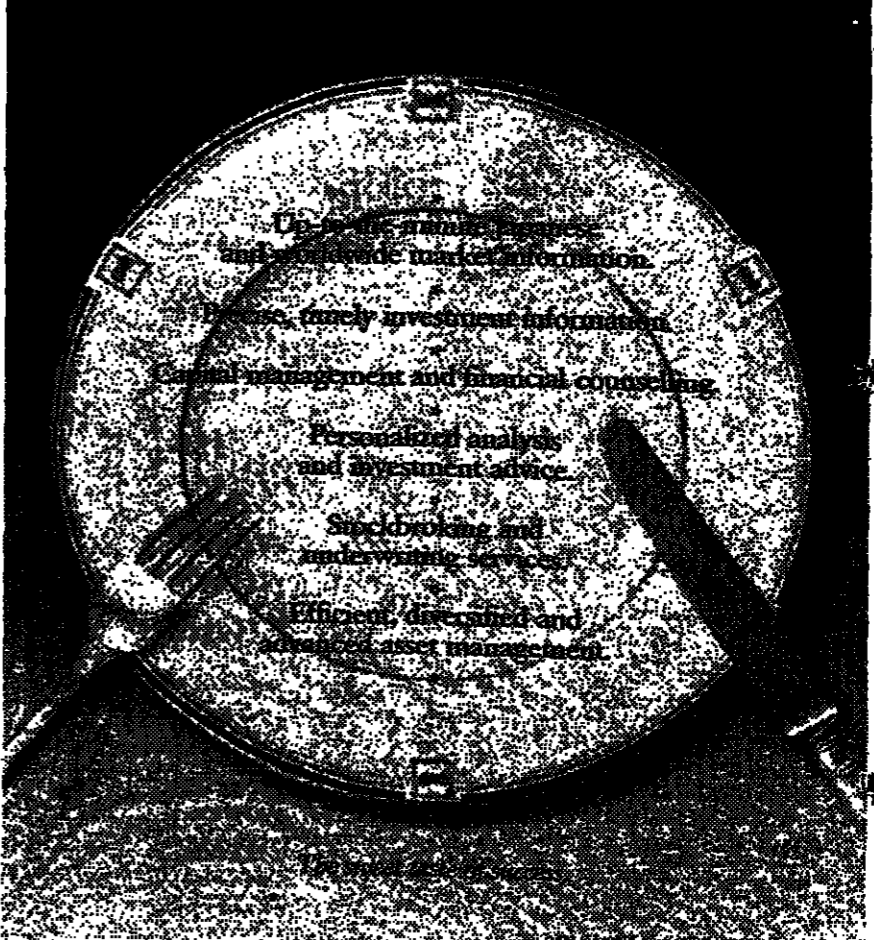


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ARTS / LEISURE

Reassembling Chanel as Skirts Go Up



By Hebe Dorsey International Herald Tribune

PARIS — What every woman needs at this point is a good pair of scissors. As the ready-to-wear collections keep unfolding, skirts keep climbing.

But otherwise, with Dior, Givenchy and Chanel, things were back to normal with expensive, understandable clothes — and good-bye madness.

At Chanel's, Karl Lagerfeld had fun taking apart the Chanel look, then putting it back together again. It worked and this was a peach of a collection. Skirts were ultra-short with legs outlined in opaque pantyhose.

Lagerfeld cropped everything short, including boleros, and replaced Chanel's classic blouses with turtle-necks.

The classic Chanel suit kept disintegrating as Lagerfeld threw tweed jackets over jacquard knit tunics that were more micro than mini.

Lagerfeld cropped everything short, including boleros, and replaced Chanel's classic blouses with turtle-necks.

Wide, black silk leather belts and matching ciné bow-ties, were new. The pale color scheme of Chanel was no more. Lagerfeld went into strong colors — reds, blues, greens — and did a lot of mix and match, combining different plaids and checks. Quilted leather suits

were attractive as were the Russian navy suits. The beautiful brown jersey suit, with military collar, which cropped up toward the end could well become the new Chanel.

The evening picture looked best when Lagerfeld stuck to the old Chanel classics. Ivory silk blouses, with lace cuffs and fronts worn

with long, flowing silk pajamas in a Prince of Wales pattern, were delicious in an ambiguous but acceptable way. On a black velvet background, one outfit featured a heart-shaped red satin bolero.

The familiar Chanel gold chains and buttons were used with abandon. There were gold chain shoulder straps and others strung at the back of black dresses. Gold buttons turned up at the back of skirts or down the sides of dresses.

Hubert de Givenchy is a pro, and his collection Monday morning was perfectly in focus with lovely, timeless clothes for equally lovely women. There was no outrageousness here, no culture shock — but a grateful audience rose to its feet to thank such a gentle, distinguished designer.

The news here was short but adult. It was all in the proportions, slim and low-waisted with strong shoulders. Long tunics topped very short skirts. Neat classic suits were touched up with gold accents, recalling Givenchy's last couture collection. Actually, these clothes looked so well made they could have passed for couture.

Givenchy, who designs with the American market in mind, kept to strong colors — red, purple, green — for daytime and black for evening. Details included suede patch pockets on jersey chemises, big ponchos over everything, jungle prints and quilted leather coats.

Evening wear, again mostly short, included satin bubbles or bloomers attached to long black velvet torsos. This designer's homage to hips was strongly outlined, velvet panniered peplums over strict, black jersey sheaths.

Other news at Givenchy's included a new boutique on the Avenue Montaigne.

At Dior's, things have not improved much, and this house is still in need of a good designer. Skirts were short under Austrian duffel-coats, complete with frog fastenings. Bavarian-inspired coats, worn with Tirolean hats, had deep pleats in the back, held by a high belt. For evening, short bubbles alternated with short and skanky bustier dresses.

The collection of Enrico Coveri was peppy and fun and so young it looked like a college campus gone wild with color. Coveri is a young, successful Italian designer who is trying to make his mark in Paris.

His collection also included children in bright ski outfits — children's wear is one of Coveri's 37 licenses.

The colorful Peruvian knit group was one of the best parts of this collection as well as the brightly plaid campus look. Evening wear, which Coveri is tackling for the

first time, was all about puffs à la Christian Lacroix — and still needs considerable adjusting.

Issey Miyake, the giant of Japanese fashion, has gone to the West just like his colleagues. Once wildly involved in fashion-as-an-art-form and wild drapings, he has now settled for more understandable clothes. Despite the asymmetry and some tricky buttons that never buttoned where they were sup-

posed to, these straightforward clothes were told in simple, uncomplicated and highly comfortable terms.

The surprise of this season turned out to be Marc Audebert, a newcomer on the scene who is bound to make serious waves. Audebert is a sincere, dedicated designer and his research into new stretch fabrics, which should push fashion forward, was a riveting experience.

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A peach of a collection

Karl Lagerfeld has redone Chanel with shorter skirts and much brighter colors.

Roy Haynes, the Uncrowned Drum King

By Mike Zwerin International Herald Tribune

PARIS — Some Roy Haynes aficionados

John Coltrane: "Roy Haynes is one of the best drummers I ever worked with."

Max Roach (to Charlie Parker before leaving his band): "Hire Roy Haynes."

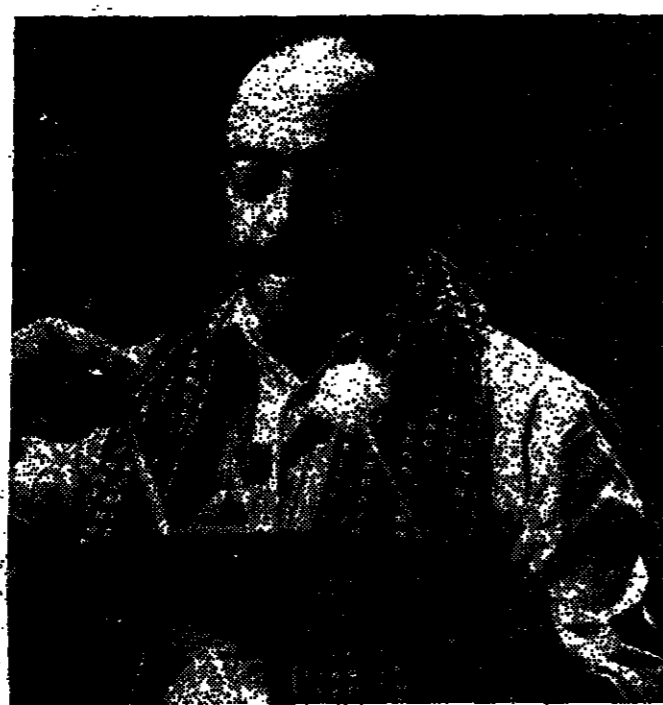
Esquire magazine: "Roy Haynes is one of the best dressed men in America."

Sonny Rollins: "Roy should be immortalized. I can dig his statue somewhere, like the one of Sidney Bechet in Antibes."

Lester Young: "You should be called the Royal of Haynes."

Roy Haynes: "I'm a king, man, and I don't need the industry to tell me that, or win any polls... he wins few — I'm an uncrowned king and I know it. I carry myself like a goddamn king. I know I'm cool. I've been to the mountaintop."

In 1951, he refused Duke Ellington's invitation to replace Louis Bellson, who was taking honeymoon leave, because: "I figured there were too many guys on that



Best-dressed Roy Haynes in Paris.

After growing up in Boston, the teen-age Haynes worked with Frankie Newton, Pete Brown and Sabby Lewis. In 1945, the band-leader Luis Russell sent him a one-way ticket to New York. He played Town Hall with Billie Holiday, went out with Jazz at the Philharmonic, worked with Young, Parker, Rollins, Coltrane, Louis Armstrong, Thelonius Monk, Stan Getz, Gary Burton, and Chick Corea. He had "money and cars and was single."

He began to have his clothes custom-made by a tailor in Cambridge. Esquire included him on its best-dressed list. He recalls that Miles Davis was on the same list: "We were the only two blacks and the only two musicians. It was a mixed blessing, people started talking more about my clothes than my drumming. And it still goes on. If I have a hole in my sock, some girl will say, 'Hey, I thought you were supposed to be well dressed.'"

Jazz Hot magazine ran a cover story on Haynes when he came to Paris for the first time, with Sarah Vaughan, in 1954. "That really turned me around," he said. "They put a guy who's playing background for a singer on their cover. Paris has been special for me ever since."

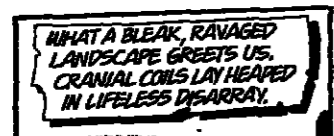
Last year his superbly staffed youthful quartet recorded in the Magnetic Terrace, a club in Les Halles where they are currently appearing, and the album, "True And False" (Freelance Records), has just been released. It illustrates the

positive side of recording live: The public adds its energy to the energetic "neo-bop."

He's put his children through school, paid off the mortgage on his Long Island home; there are no more car notes and he does not take drugs. At 61, he can afford to relax and pick his spots, "so that when I do play, I really mean it. I want it to float like a balloon on the bandstand. Let it expand, but not too much, because if it breaks it's all over. I'm talking about jazz. Other people did it, but Roy Haynes did it and did it and did it. I keep going without going down. I'm proud of that. If people have any sense, anytime I'm advertised they'll be there."

The Roy Haynes Quartet: Magnetic Terrace (12 Rue de la Cassonerie), through March 28.

DOONESBURY



band who weren't ready for Roy Haynes."

"Roy Haynes suggests the best," Charles Mingus said in the '50s. Coltrane described Haynes's time as "spreading permeating." Elvin Jones, Jack DeJohnette and most important drummers have since learned to spread suggested time of their own. "A lot of drummers to-

day copped some of my important stuff," Haynes told Down Beat magazine. "But we love each other. I just sit back and laugh at most of it. My father, he was born in Barbados, he used to call himself a self-made man. I'm not going to say that, but I don't go looking for help. I'm the most independent son-of-a-bitch out there."

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NYSE Most Actives table with columns: Vol., High, Low, Last, Chg. Lists top trading volumes.

Market Sales table with columns: NYSE 4 p.m. volume, NYSE prev. 4 p.m. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg. Composite, Industrials, etc.

Monday's NYSE Closing logo with text: Monday's NYSE Closing Via The Associated Press

AMEX Diary table with columns: Class, Prev., Chg. Lists AMEX trading activity.

NASDAQ Index table with columns: Class, Chg, Prev., Week Ago, Year Ago.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg. Lists active AMEX stocks.

Dow Jones Bond Averages table with columns: Case, Chg. Lists bond averages.

NYSE Diary table with columns: Close, Prev., Chg. Lists NYSE trading diary.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of Total. Lists odd-lot trading.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg. Lists Dow Jones averages.

Standard & Poor's Index table with columns: High, Low, Close, Chg. Lists S&P index.

NASDAQ Diary table with columns: Class, Prev., Chg. Lists NASDAQ trading diary.

AMEX Stock Index table with columns: High, Low, Close, Chg. Lists AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Sets 5th Straight Record

NEW YORK — The Dow Jones industrial average rose to a fifth consecutive record close Monday in heavy trading on the New York Stock Exchange, as arbitrage-related buy programs sparked a blue-chip rally.

Stone Container Rose 3% to 93 3/4

Stone container rose 3% to 93 3/4, Temple Inland 1 1/2 to 82 1/2, International Paper 2 3/4 to 106 1/4 and Union Carbide 1 1/4 to 69 1/2.

Wendy's Next Most Actively Traded Stock

Wendy's, the next most actively traded stock, gained 3/4 to 12 1/2. Takeover speculation buoyed Wendy's stock even after Coca-Cola denied market rumors that it was interested in Wendy's.

Large table of stock prices (A-E) with columns: 12 Month High/Low, Div., Yld. PE, 52 High/Low, Close, Quot. Chg.

Large table of stock prices (F-I) with columns: 12 Month High/Low, Div., Yld. PE, 52 High/Low, Close, Quot. Chg.

Large table of stock prices (J-M) with columns: 12 Month High/Low, Div., Yld. PE, 52 High/Low, Close, Quot. Chg.

Large table of stock prices (N-Q) with columns: 12 Month High/Low, Div., Yld. PE, 52 High/Low, Close, Quot. Chg.

Large table of stock prices (R-U) with columns: 12 Month High/Low, Div., Yld. PE, 52 High/Low, Close, Quot. Chg.

Worldwide Passes Du... advertisement with various text and graphics.

Handwritten text at the bottom of the page: هكمان النحل

Statistics Index table with columns for various market indices like AMEX prices, NYSE series, and Commodities.

TUESDAY, MARCH 24, 1987

Worldwide Securities Boom Passes Dutch Market By

By EMMA ROBSON. AMSTERDAM — While exchanges around the world revel in the general securities boom, the Dutch stock market remains lackluster...

But market analysts say only lower interest rates or a further rise in the dollar, which ended last week at 2.069 guilders, could maintain the momentum...

When the dollar slumped in the second half of 1986, U.S. and British investors were heavy sellers of Dutch stock...

Mr. ten Have said Dutch price/earnings ratios based on forecasts of 1987 results were broadly unchanged compared with 1986...

Currency Rates table showing rates for various currencies like Amsterdam, Frankfurt, London, etc.

Other Dollar Values table showing rates for various currencies like Australia, Brazil, Canada, etc.

Interest Rates table showing rates for various currencies and terms like 1 month, 3 months, etc.

Key Money Rates table showing rates for various currencies and terms like 1 month, 3 months, etc.

U.S. Money Market Funds table showing rates for various funds like Money Market Funds, etc.

Gold table showing prices for various gold-related items like Gold, etc.

C&W Says A Merger Is 'Unfair'

Company Rejects Japanese Plan. TOKYO — Cable & Wireless PLC said Monday it would not accept an "unfair" Japanese government plan...

Jonathan Solomon, the director of special planning, said C&W had no intention of accepting the plan for merging the two joint ventures...

C&W has a 20 percent stake in International Digital Communications Planning Inc., one of the two companies seeking to break into a market that had been monopolized by Kokusai Denhin Denwa Co. Ltd. until two years ago...

The Japanese partners in both companies support a merger, which the government has said, would strengthen the competition's position against Kokusai Denhin Denwa.

Mr. Solomon said that a feasibility study made by International Digital had shown that two competitors could coexist against Kokusai Denhin Denwa. He said that the reduced equity plan was "a joke" that did not make "business sense"...

A Battle Brews at Giant San Miguel Company Is Case Study in Post-Marcos Uncertainties

By Nicholas D. Kristof. MANILA — San Miguel Corp., by far the largest concern in the Philippines, is a company with an identity crisis...



Ferdinand E. Marcos

It offers a case study of the traumas and uncertainties that business has faced in the Philippines since the departure of Ferdinand E. Marcos with whom most companies had warm relations when he was president...

In one way or another, many companies had close links with the Marcos government. The president and his associates often were large shareholders...

Others echo that sentiment. Bernardo M. Villegas, a prominent economist who sits on the board of a Benguet Corp. subsidiary, said Benguet's day-to-day operations have suffered little from the sequestration of a large stake believed to have belonged to Mr. Marcos...

At a barbecue on a farm north of Sao Paulo owned by Matias Machline, an entrepreneur, Mr. Sarney met 24 businessmen Saturday to discuss Brazil's economic crisis...

Yet the turmoil has taken a toll, as is evident at San Miguel. Founded in 1890 as a small brewery, San Miguel Corp. has grown into a pillar of the Philippine economy...

San Miguel was forced to go to bed with Marcos. It is not quite fair to say that San Miguel was in bed with Marcos, said Solita Collas-Monsod, secretary of economic planning...

national product and pays 5 percent of the nation's taxes. The company's tentacles extend everywhere. It is the country's largest cattle farmer, it operates Shakey's pizza parlors and it distributes Coca-Cola...

Another Sao Paulo businessman, Romeu Chap Chap, told reporters: "After all, the fund isn't a monster. The figure most closely associated with the anti-IMF stance is Finance Minister Dilon Funaro, who was not present Saturday..."

U.S. Offers IADB \$9 Billion, but Wants More Say

MIAMI — Treasury Secretary James A. Baker 3d told Latin American and Caribbean leaders Monday that they must choose between having a small Inter-American Development Bank that they control and a much larger bank subject to much heavier U.S. influence on lending...

Mr. Baker spoke at the opening session of the annual meeting of the IADB, a 44-nation lending agency. His offer to the bank of \$9 billion toward its seventh four-year capital replenishment would represent a 75 percent increase in the U.S. contribution...

He noted that Western nations that provide 95 percent of the bank's financial resources represent 46 percent of the voting shares. If the bank's governors refuse to cooperate, Mr. Baker said, "the bank could not expect to lend more over the next four years than it has lent over the previous four years..."

The United States holds 34.5 percent of the voting shares and wanted to change the rules so that all loans would require at least a 65 percent vote from the IADB board to win passage...

Government authorities are becoming increasingly convinced that only a global economic recovery will overcome the imbalances in international trade and finance, the bank president, Antonio Ortiz Mena, said in his opening remarks...

Brazil Businessmen Urge Cooperation With IMF

SAO PAULO — Brazilian business leaders, at a meeting with President Jose Sarney, have called for the government to return to the International Monetary Fund in order of persevering with its present debt policy...

The Brazilian government's refusal to let the IMF play a role in its economy has complicated attempts to reschedule its \$109 billion international debt...

Participants in the meeting said Sunday that the major themes were the debt crisis and the need to avoid recession...

Another Sao Paulo businessman, Romeu Chap Chap, told reporters: "After all, the fund isn't a monster. The figure most closely associated with the anti-IMF stance is Finance Minister Dilon Funaro, who was not present Saturday..."

seized the opportunity to tell Mr. Sarney that they would like to see Mr. Funaro resign. Mr. Funaro and many politicians in the governing Brazilian Democratic Movement Party say that adoption of policies recommended by the IMF would stifle growth in Brazil...

Businessmen said that in their talks with Mr. Sarney they also stressed their wish for a free-market economy. The government's attempt to control prices under its Cruzado Plan introduced in February 1986 strained its relations with business and did not achieve its goal...

debt "as soon as possible," ideally before U.S. banks have to subtract the unpaid interest from their profits, Francisco Gros, head of Brazil's central bank, said Sunday.

Mr. Gros did not give a timetable for resumption of interest payments, which Brazil suspended Feb. 20. If interest payments on the long-term debt do not resume 90 days after they come due, the banks would have to change their accounting systems to stop counting the money as income...

U.S. Accounting Practices Criticized

By John Holusha. DETROIT — Outmoded accounting systems may be responsible for the failure of many American manufacturing companies to update their factories to equal those of the Japanese and other international competitors...

Management accountants, the study said, "are relying on old tools to deal with changing, new and very different manufacturing environments." Among the problems it cited were the insistence of many companies on short payback periods for investments in technology...

The report was commissioned by the National Association of Accountants and Computer-Aided Manufacturing-International. Although some companies have invested in modern production technology — often ignoring their own payback standards to do so — many of those that have not are "being held hostage by the inadequacies and inappropriateness of old management accounting practices," the study said...

who say existing corporate financial controls inhibit the modernization of U.S. manufacturers. One of the most vocal spokesmen for that point of view has been J. Tracy O'Rourke, chief executive of the Allen-Bradley Co. in Milwaukee...

"We have been trapped in a system of evaluating our financial investments in a short-term, tactical way," he said. Of the several hundred companies and corporate operating divisions surveyed for the study, 70 percent said they demanded that new investments pay for themselves within three years...

Another deficiency in current accounting systems, according to the report, was the use of direct labor as the critical variable in measuring costs. In the companies surveyed, direct labor averaged only 15 percent of total manufacturing cost, compared with 53 percent for materials and 32 percent for overhead...

Advertisement for Audemars Piguet Royal Oak watches, featuring the text 'THE AUDEMARS PIGUET ROYAL OAK. NOTHING CAN EQUAL THE ORIGINAL.' and an image of a watch.

Advertisement for Lind-Waldock futures trading, featuring the text 'Discover \$34 Gold & S&P's & Eurodollars & ...' and contact information.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52-Week High Low

Table listing various stock symbols and their closing prices, including sectors like Energy, Chemicals, and Services.

Table showing stock prices for various companies, including IBM, AT&T, and others.

Table listing international stock markets with columns for country, stock symbol, and price.

Table showing high and low prices for various commodities and currencies.

Table listing various international stocks and their market performance.

U.S. Futures Via The Associated Press

Table of U.S. futures contracts for commodities like Wheat, Corn, Soybeans, and Cattle.

Grains

Table of grain futures prices including wheat and corn.

Metals

Table of metal futures prices including copper, aluminum, and silver.

Financial

Table of financial futures and currency exchange rates.

Table with NYSE High-Lows showing price ranges for various stocks.

Table with NYSE High-Lows showing price ranges for various stocks.

Table with NYSE High-Lows showing price ranges for various stocks.

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Table with NYSE High-Lows showing price ranges for various stocks.

Table titled 'Company Results' showing revenue and profit data for various firms.

Swiss Move to Counter Abuses of Bank Secrecy - ZURICH - Swiss bankers announced Monday a series of measures aimed at preventing abuses of their country's banking secrecy laws.

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Swiss Move to Counter Abuses of Bank Secrecy - ZURICH - Swiss bankers announced Monday a series of measures aimed at preventing abuses of their country's banking secrecy laws.

شركة النحل

BUSINESS ROUNDUP

Exxon Plans to Continue Exploration

NEW YORK — Exxon Corp. plans to continue exploration and development worldwide to maintain its oil reserves, according to Donald McIvor, a director and senior vice president.

Small Danish Bank Closed After Bond Portfolio Losses

By Juris Kaza
Special to the Herald Tribune
STOCKHOLM — The small, privately owned 6. Juli Bank was temporarily closed Monday by the Danish Banking Supervision because of irregularities found in 1986 accounts that appeared to have been used to cover heavy losses on the bank's bond portfolio.

Jefferies Case Raises Fears of a Broader Inquiry

By James Stengold
New York Times Service
NEW YORK — A Wall Street practice that some securities industry executives say is common may be coming under scrutiny by federal regulators as being illegal, fueling concerns that the current trading scandal may broaden.

Cityquest Offers £120 Million For Wickes PLC

LONDON — Cityquest PLC, a newly formed company, is making a recommended £120 million (\$192 million) offer for Wickes PLC, the building-supply retailer, Wickes said.

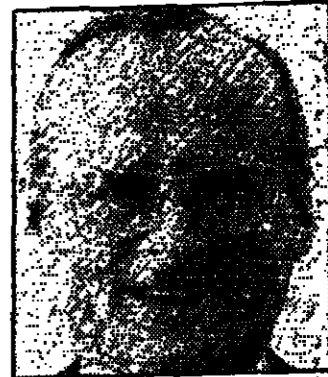
VW Sees Gains in Domestic Market But Hahn Is Cautious on U.S. Sales, Silent About Fraud

WOLFSBURG, West Germany — Volkswagen AG expects to increase its market share in West Germany this year after registering gains in January and February, Carl H. Hahn, the managing board chairman, said Monday.

Shearson, Nippon Life Plan London Venture

By James Stengold
New York Times Service
NEW YORK — Shearson Lehman Brothers Inc. and Nippon Life Insurance Co. plan to set up a joint venture in London if their arrangement to sell 13 percent of Shearson to Nippon Life is approved, officials at the companies have said.

cooperation the two firms expect to build. The new unit would help facilitate the introduction to the international capital markets of the many important Japanese companies in which Nippon Life has a substantial investment.



Carl H. Hahn

moved to increase the flexibility of the Westmoreland plant, but that there were no plans at the moment to increase production there.

Table with 2 columns: FOREIGN & COLONIAL RESERVE ASSET FUND PRICES AT 17:30. Rows include US DOLLAR CASH, MULTICURRENCY CASH, DOLLAR BONDS, etc.

7 Bank Officials In Italy Held In Embezzlement

COSENZA, Italy — The president and five senior managers of a publicly owned savings bank and the vice president of another major bank have been arrested on embezzlement charges, police said Monday.

Texaco Alleges Bias by Judge in Pennzoil Case

HOUSTON — Texaco Inc. filed new evidence Monday in its legal battle with Pennzoil Co., asserting that the judge who heard the initial court case over Getty Oil Co. "carried a personal grudge" against Texaco and its lead attorney.

DUTCH: Lackluster Market

(Continued from first finance page) had unexpectedly positive results. But the three big banks, Algemene Bank Nederland, Amsterdam-Rotterdam Bank and Nederlandsche Middenstandsbank, had poor results, achieving higher profits partly by reducing their risk provisions.

COMPANY NOTES

Alitalia SpA reported that provisional net profit in 1986 rose to 55 billion lire (\$42.2 million at current rates) from 48 billion in 1985, a 14.6 percent increase.

Kingdom of Sweden US\$500,000 Floating Rate Notes due 2005. For the six month period 20th October, 1986 to 21st April, 1987.

Chemical Bank Home Loans Special Terms for UK Mortgages * 100% mortgages for expatriates * highly competitive rates

50% or more off your newsstand price when you subscribe for 12 months to the International Herald Tribune

Table with 10 columns: Country, Currency, 12 months (+2 months), 6 months (+1 month), 3 months (+2 weeks), Subscription price per copy**, Newsstand price per copy, Your Savings per copy**, Total. Rows include Austria, Belgium, Denmark, Finland, France, Germany, Gr. Britain, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Rest of Europe, Rest of Africa, Gulf States, Asia.

* In these countries, hand delivery is available in major cities on publication date. For details and rates, please check here and fill in your address below.

International Herald Tribune subscription form. Includes fields for name, address, city/country, tel/fax, and checkboxes for subscription length and payment method.

Monday's AMEX Closing

Tables include the nationwide prices to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

Table with columns: High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, Change. Lists various stocks like ACI, AL, AM, etc.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, Change. Lists various stocks like BAX, BBT, BDI, etc.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, Change. Lists various stocks like BSA, BSH, BSI, etc.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, Change. Lists various stocks like BSM, BSN, BSO, etc.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, Change. Lists various stocks like BSW, BSN, BSO, etc.

Table with columns: High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, Change. Lists various stocks like BSW, BSN, BSO, etc.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 23 March 1987. Large table listing various international funds with columns for fund name, price, and change.

Other Funds. Table listing various other funds with columns for fund name, price, and change.

Floating-Rate Notes. Table listing floating rate notes with columns for currency, rate, and other details.

AMEX Highs-Lows. Table listing AMEX high and low prices for various stocks.

Pounds Sterling. Table listing exchange rates for Pounds Sterling.

Deutsche Marks. Table listing exchange rates for Deutsche Marks.

Japanese Yen. Table listing exchange rates for Japanese Yen.

Vertical advertisements on the right edge of the page, including 'AMEX Highs-Lows', 'INTERNATIONAL MANAGER', and 'Floating-Rate Notes'.

CURRENCY MARKETS

Dollar Falls to a Low Against Yen

NEW YORK — The dollar fell Monday in New York, breaching a postwar low against the yen on nervousness over the status of Japanese trade agreements with the United States...

London Dollar Rates

Table with columns: Currency, Amt., Pct. Includes entries for Deutsche mark, Swiss franc, Japanese yen, French franc.

The dollar also fell in New York against the Deutsche mark, to 1.8173 DM from 1.8280 Friday...

The British pound continued its rise, closing Monday at \$1.6185 after \$1.6045 on Friday.

helped the trade imbalance and that "we are getting into appropriate ranges" for the currency.

In European trading, persistent worries about central bank intervention kept the dollar's decline moderate, dealers said.

The dollar closed in London at 1.8205 DM, down from Friday's close of 1.8322 DM, and at 150.17 yen, down from 151.65 on Friday.

The pound firmed amid forecasts that its recent rally has further to go and it closed at \$1.6172, up from Friday's \$1.6020.

Dealers said the main spur behind the pound's strength was high British interest rates.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8205 DM, down from Friday's 1.8305 DM, and in Paris at 6.0535 French francs, down from 6.0965.

In Zurich, the dollar closed at 1.5245 Swiss francs, down from 1.5347 on Friday. (UPI, Reuters)



James A. Baker 3d

No Target Set In Dollar Rate, Baker Repeats

LONDON — James A. Baker 3d, the U.S. Treasury secretary, has reiterated that an exchange rate goal for the dollar was not set last month at the meeting of the six major industrial nations in Paris.

Mr. Baker, in a television interview Monday, said that "we don't have a target for the dollar" and declined to name a desired level for the currency.

But, he said, U.S. protectionist sentiment was becoming "extremely strong" and "extremely disturbing" in response to widening trade deficits and import barriers imposed by other countries.

"As I've said before, we sort of see ourselves as engaged here in a real struggle to preserve the world's free trading system, because if that system is broken, the world's largest market in the world," the United States, "goes protectionist."

He said the problem must be addressed "on the exchange rate side, but it cannot be solved on the exchange rate side alone. It's far more comprehensive and broad than that, and the solution of it requires a comprehensive approach."

Mr. Baker said it would be necessary for other countries to adjust their currencies upward, as well as removing their barriers to U.S. imports. But he did not elaborate.

German Bond Yields May Fall Now, Rise Later, Experts Say

FRANKFURT — West German bond yields could decline over the next few months if recent efforts to stabilize exchange rates extend to keeping down European interest rates, banking economists said Monday.

But in the longer term, domestic yields could rise under agreements to stimulate West Germany's economy, they said in interviews.

Last month's Paris accord among six leading industrial nations has so far successfully stabilized currencies with the threat of central bank intervention, economists said.

Economists speculated that the Group of Seven countries might try to bolster the pact by uncoupling U.S. and German interest rates further when they meet for the interim committee of the International Monetary Fund in April.

The recent round of monetary accommodation by the Bundesbank and the Bank of Japan and the firming of the federal funds rate are significant. They mark an uncoupling of movements in U.S. and foreign interest rates.

The study said narrowing of international interest rate spreads was a major factor in the dollar's fall. These spreads will have to be widened if the dollar is to be stabilized.

The president of the Bundesbank, Karl Otto Pöhl, encouraged the United States not to cut interest rates in January when the Bundesbank cut its own rates by half a percentage point, to avoid weakening the dollar.

West German economists see room for further cuts in leading German rates if the dollar resumes its decline.

The Bundesbank's average yield of public paper is already nearing last year's low. Last week, yields fell to around 5.50 percent, not far from the 1986 low of 5.35 percent.

Economists said the trend may cause domestic investors to shift some funds from short to longer-term paper. Such a move would tend to flatten the yield curve between short- and long-term rates.

It might also facilitate a further cut in leading rates, as the shift out of savings accounts into securities would slow growth of the Bundesbank's central bank money stock aggregate.

But conflicting with this trend are plans to augment West German tax reductions, part of the Paris currency pact that is designed to meet U.S. demands for faster growth in West Germany. This move may force interest rates up by necessitating higher government borrowing.

Josef Körner, chief economist of the West German economic forecasting institute IFO, said in a newspaper interview that he expected 1987 tax revenue to be 11 billion Deutsche marks (\$6.02 billion) below estimates by the West German government in November.

Any tax shortfall in itself is unlikely to push yields up. But coupled with other factors such as waning foreign speculative buying of mark bonds on the dollar's decline, long-term yields may have to rise, economists said.

Public borrowing in 1988 may also rise because of increases in the second phase of Bonn's tax package. The government is increasing tax cuts in 1988 by 5.2 billion DM to 14.4 billion.

Seoul Reports Growth of 12%

UNITED PRESS INTERNATIONAL SEUL — The South Korean economy grew by an adjusted 12.5 percent last year, its highest growth rate in a decade, the Bank of Korea said in a provisional estimate Monday.

The gross national product reached \$95.1 billion for the year, the bank said. It attributed the 1986 performance largely to growth in the manufacturing sector and brisk exports. The economy grew 13.4 percent in 1976.

Manufacturing expanded by 17.4 percent and exports rose 26.3 percent last year, the bank said. Heavy industry grew 23.5 percent, led by products including videotape recorders, ovens and automobiles, while light industry, including textile and rubber products, expanded by 9.7 percent.

CHIPS: Japan Acts to Placate U.S.

(Continued from Page 1) of Commerce Malcolm Baldrige, Secretary of the Treasury James A. Baker 3d and Trade Representative Clayton K. Yentzer.

These moves came as frictions over semiconductor trade worsened on both sides of the Pacific.

Last Thursday night, the U.S. Senate unanimously passed a resolution calling for retaliation against Japanese chip makers. President Ronald Reagan's Economic Policy Council is to meet Wednesday to decide what sanctions, if any, should be imposed on Japanese semiconductor companies.

Mr. Yamamoto of the trade ministry's information industries bureau said that if sanctions were imposed regardless of Japan's efforts to uphold the semiconductor agreement, Japan would act.

"Of course, if certain actions are taken in the United States, we must react," he said. "But we are doing our utmost so that we don't bring

San Miguel: Battle for Giant Is a Case Study in Post-Marcos Changes

(Continued from first finance page) ernment, the body that sequestered San Miguel shares linked to Mr. Cojuangco.

Mr. Soriano, 35, who earned a master's degree in business administration at the Wharton School of the University of Pennsylvania, declined to be interviewed. But Mr. del Rosario denied that Mr. Soriano had done anything wrong.

The government has sequestered several blocks of San Miguel stock, totaling about 51 percent of the shares outstanding, on the ground that they were bought with money wrongfully obtained. The government-held stock has a current market value of about \$615 million.

The largest of the sequestered stock blocks, which now totals 38 million shares, was held by United Coconut Planters Bank, which Mr. Cojuangco headed. The shares were held in trust for others, but the government believes Mr. Cojuangco is the true owner.

Last April, Mr. Soriano tried to arrange the purchase of the stake and raised a down payment by having San Miguel's Hong Kong subsidiary take out a loan against its assets. After a \$25 million down payment was made, the government stepped in to sequester the shares and block the transaction.

San Miguel says that Mr. Soriano tried to resolve decisively the confusion about ownership of the company. His critics, including some government officials, say Mr. Soriano tried to use corporate assets to seize control of the company for himself.

Mr. del Rosario said the Hong Kong subsidiary put up the money because, at that time, it was the buyer of the shares. It was intended that other investors, including Mr. Soriano, would participate, but they would be reimbursed from the subsidiary, Mr. del Rosario said.

Mr. Diaz said the government erred in not appointing a majority of the board of directors last May, when it appointed individuals to represent the sequestered shares. Instead, it appointed 7 members of the 15-member board.

But Mr. Diaz is not likely to miss of the same shares as before. Mr. Soriano has proposed a purchase by a combination of foreign and local investors — including the Soriano family — and the company itself. The shares bought by San Miguel would be resold to employees. In addition, a \$30 million to \$40 million stake may be sold to the Philippine social security system.

This arrangement, too, has been criticized as a misuse of company cash, intended to strengthen Mr. Soriano's control. Recently, under government pressure, a three-member panel — one member chosen by

San Miguel says that Mr. Soriano tried to resolve decisively the confusion about ownership of the company. His critics, including some government officials, say Mr. Soriano tried to use corporate assets to seize control of the company for himself.

For all the allegations of impropriety, Mr. Soriano appears to be very popular. "There's a feeling, rightly or wrongly, that the Sorianos have first claim to the company," said Rolando S. Añena, president of Ansof Hagedorn Securities. "The Soriano name carries a lot of good will and credibility."

For the past year, about half of San Miguel's top management's time has been taken up by disagreements over share ownership. Mr. del Rosario said. And, he said, the uncertainty has curtailed the company's strategic planning.

Gradually, however, the problems are sorting themselves out. And at other companies as well. Sequestered shares are being sold, with the proceeds going into escrow until it can be determined whether they were bought with stolen wealth. New managers and directors are gaining experience in companies that, a year ago, they suddenly found themselves leading.

Monday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Table A: OTC stock prices including companies like ABC, DEF, GHI, etc.

Table B: OTC stock prices including companies like JKL, MNO, PQR, etc.

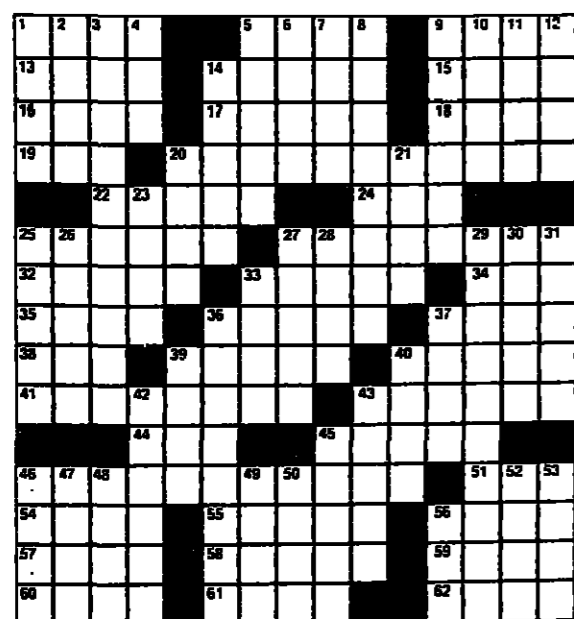
Table C: OTC stock prices including companies like STU, VWX, YZA, etc.

Table D: OTC stock prices including companies like ABC, DEF, GHI, etc.

Table E: OTC stock prices including companies like JKL, MNO, PQR, etc.

Table F: OTC stock prices including companies like STU, VWX, YZA, etc.

Sales figures are unofficial. Yearly high and low reflect the previous 52 weeks unless the current week, but not the latest trading day. Where a split or stock dividend occurred in 1986 or 1987, the year's high and low are based on the adjusted price. Dividend and stock splits are shown for the new stock only. Unless otherwise noted, all sales are in shares. Dividend and stock splits are shown for the new stock only. Unless otherwise noted, all sales are in shares. Dividend and stock splits are shown for the new stock only. Unless otherwise noted, all sales are in shares.



ACROSS
1 Haydn
5 One-horse town
9 Silent one
13 Borodin prince
14 Kind of power
15 Hit the roof
16 Theater section
17 Carpenter tool
18 Nasty of Rungary
19 Matter for Rollo May
20 Little League "lumber"
22 Rancho rooms
24 Farewell
25 Approve
27 Succeeded at the plate
32 Etching agents
33 Cretan city
34 Huxtable or Rehan
35 Medics
36 Catalogues
37 Mid-21st-century year
38 Bug
39 Compensate, in a way
40 Luce's "The..."
41 Picket's sign
43 Under wraps

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JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Includes a grid of letters and instructions: 'Unscramble these four Jumbles. One letter to each square, to form four ordinary words.' Words include ACTEX, MAFLE, COAMIS, WHARRO.

WEATHER. Table with columns for EUROPE, ASIA, MIDDLE EAST, OCEANIA, and WEATHER. Includes high/low temperatures and conditions for various cities.

World Stock Markets. Table with columns for Amsterdam, Brussels, Frankfurt, London, Paris, Singapore, Stockholm, Sydney, Zurich, Tokyo, and various regional indices. Includes closing prices and percentage changes.

BOOKS
THE ENIGMA OF ARRIVAL: A Novel
By V.S. Naipaul. 354 pages. \$17.95.
Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.
Reviewed by Christopher Lehmann-Haupt
At the beginning of V.S. Naipaul's haunting new novel, "The Enigma of Arrival," there is rain and mist. Gradually the narrator's eye begins to make out a country landscape, which he explores in daily walks. It is a landscape with a past. There are rambling, there is an Edwardian manor on which the narrator occupies a cottage. It is a landscape that evokes literature. The narrator thinks of Wordsworth, King Lear, the Knights of the Round Table, Camelot.

Chess
By Robert Byrne
THE Adzeham-Lidoms International Tournament in Adelaide, was won by Gylfa Sax. The 35-year-old Hungarian grandmaster scored 10-1 to capture the first prize of \$5,000 Australian (about \$3,333).

CHESS. Includes a chessboard diagram showing a game in progress and text describing the moves and strategy.

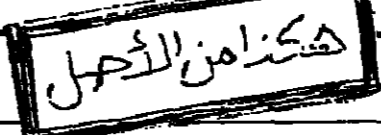
Transition. A section with various small articles, puzzles, and news snippets.

Stock Market. Table with columns for Toronto, Zurich, and other regional markets. Includes closing prices and percentage changes for various stocks.

Various vertical advertisements and notices on the right edge of the page, including 'Inc... Victory', 'BOARD', and 'Exhibition'.

TUESDAY FORECAST - CHANNEL 5, FRANKFURT. Includes weather forecasts for various cities and a small advertisement for 'مكاتب النحل'.

SPORTS



UNLV, Indiana Rally From Far Back to Make Final Four the Hard Way

Rebels Regain 3-Point Touch To Spark Victory Over Iowa

By Peter Alfano
UNLV scored its most impressive and dramatic victory of the season on Sunday, snapping a losing streak of 11 games with a 64-51 victory over Iowa...



Forward Eldridge Hudson, after UNLV's net victory over Iowa.

Defensive Pressure Helps Edge Mistake-Prone LSU, 77-76

Compiled by Our Staff From Dispatches
CINCINNATI — In a game that lived up to its billing as a test of muscle and will, Indiana relied on resilience and capitalized on mistakes to defeat Louisiana State, 77-76, here Sunday to earn a semifinal berth in the NCAA basketball tournament...

added 16 points and Calloway, who was injured earlier in the half and had to be helped from the court, scored 11. Keith Smart added 10 points. "We had plenty of time," said Calloway, who had reinjured his heavily taped right knee with 14:31 left in the game...

Nettles, 42, Itching to Make a Comeback

By Shirley Povich
Washington Post Service
FORT LAUDERDALE, Fla. — He was named the sixth captain in New York Yankee history in 1982 and nobody was better serving their image as baseball's destroyers, the game's long-ball team...

Nettles, 42, Itching to Make a Comeback

He has swallowed some pride, maybe gobs of it. He's in camp here on what they call a "look-see" basis, an on-approval deal with no guarantees, not a prideful arrangement for a man with his imposing credentials...

"They know I can field," Nettles said. "Now I want to show [Manager] Chuck Tanner I can still hit." He has been playing the ball in camp, and getting ovations from the fans. About his wondrous skills at spearing those incipient blue-darter line drives at third, Nettles offered a comment: "The odd thing is that I never felt the ground under me when I went flat out to make those belly-dive plays...

SCOREBOARD

Table with columns for Transition, Hockey, and Basketball. Includes league standings and game results.

SCOREBOARD

Table with columns for NHL Standings, NCAA Tournament, and NBA Standings. Includes league standings and game results.

SCOREBOARD

Table with columns for ESCORTS & GUIDES, INTERNATIONAL CLASSIFIED, and ESCORTS & GUIDES. Includes various service listings.

Exhibition Baseball

ATLANTA — The Atlanta Braves and the New York Yankees will play an exhibition game in Atlanta on Sunday...

Golf

Top players and events in the USPGA Classic which ended Sunday of the 78th year...

Tennis

Men's tournament (at Orlando, Florida)
Christo van Rensburg, South Africa, def. Jimmy Connors (1), U.S., 6-3, 2-6, 6-1.

European Soccer

SPANISH FIRST DIVISION
Las Palmas 0, Sabadell 1
Espanol 3, Athletic Bilbao 1

European Soccer

Points standings: Real Madrid 47; Barcelona 45; Espanol 42; Athletic Bilbao 35; Gijon 30...

European Soccer

Points standings: Real Madrid 47; Barcelona 45; Espanol 42; Athletic Bilbao 35; Gijon 30...

ART BUCHWALD

Marriage à la Click

WASHINGTON — The big question is who holds the power in the average American home. Up until recently the answer was up for grabs. Now this has changed. Dr. Jungfried, a visiting psychiatrist at Panofel University, told me, "The power in the United States rests with the person who controls the TV remote unit."



Buchwald

"Studies show the man or woman who has the ability to change a TV channel from bed is the one who will get the respect in the family." "But all one is doing is selecting programs. That doesn't make you a god."

Leningrad Premieres

MOSCOW — A Kurt Vonnegut play was premiered in Leningrad over the weekend, the latest in a series of American plays to be staged in the Soviet Union, the Tass news agency said.

refused to give back the remote?" Dr. Jungfried asked. "I told her she wasn't being fair, and that no marriage can survive if one spouse switches channels more than the other."

"She did for 'I'll Take Manhattan' but I took it back when she dozed off during 'People's Court.'"

"Not all the time. But I think it should be consulted when she uses the 'mute' button during Dan Rather. She also changes programs without asking me. I'm for women's rights, but how many women in this country do you know who are up to operating a remote button on a 19-inch Sony?"

"On the other hand, they have come a long way since the fine tuner was invented," Dr. Jungfried said. "Frankly I think you are in a power struggle with your wife. Every time she grabs the clicker and goes by the 'A-Team' you feel emasculated."

"I like the second idea better than the first. This will give me a chance to zap her 'Wheel of Fortune' off the screen."

Dianne Wiest: Success in Neurosis

By Leslie Bennetts
NEW YORK — She was heard before she was even seen, but although the words were those of Lady Macbeth, the accent was a fractured Polish that immediately sent a wave of laughter rippling through the audience. When Anka did appear, backing onstage in sweat-soaked and a voluminous nightgown, she was holding her hands out and moaning, "Out, damned spot! Her husband was huddled in bed with a pillow over his head, trying in vain to sleep, but that didn't stop Anka; when she finished Lady Macbeth's soliloquy, she launched into the story of her own life.



Wiest in "Hunting Cockroaches," "Hannah and Her Sisters."

she suffered through six months of unemployment at a stretch. "There have been long dry periods. I used to say I acted because I couldn't do anything else, which is true. And I've thought about my lack of education, and thought, my god, maybe I could have been a lawyer — that's a much better life. I have gone through periods of regret about it. But I guess I'm doing exactly what I want to do. This is the first play I've done in two years, and it's like someone put a fish back in water. I just love it. I don't know why. I just can't get enough of it."

Her association with Allen, which began with a small role in "The Purple Rose of Cairo," has grown into a bulwark of her existence. "It's like family now. It's like going back to school every year. It's the fall. The same crew is there, the same cinematographer, the same cameraman, Mia of course, and Woody."

PEOPLE

'Room,' 'Hannah' Top British Academy Awards

"A Room With a View" and "Hannah and Her Sisters," which were nominated for this year's U.S. Academy Awards, dominated the 1986 British Academy awards in London Sunday night. "A Room With a View," which is up for eight American Oscars on March 30, was named best picture by the British academy, and Maggie Smith was named best actress for her role as the chaperone, Charlotte Bartlett. The actress Joan Collins presented the best film award to the producer Ismail Merchant who said in amazement: "Room With a View" was a small film. It's just done so well." Woody Allen won two awards for best direction and best original screenplay for "Hannah and Her Sisters."

Nancy Reagan was honored Sunday with a medal from the Metropolitan Opera for encouraging public and private support of the arts. "The Met and you, as individuals and corporate supporters, make beautiful music together," Mrs. Reagan told 800 people gathered at the 51 million fund-raiser at the Lincoln Center opera center. Mrs. Reagan was presented with a medal struck in commemoration of the opera house's first 100 years, 1883-1983. She was the first person who was not a member or performer of Lincoln Center to be so honored.

Victor Louis, 58, a Soviet journalist considered by many to be an official Soviet conduit for getting selective information to the West, has undergone a liver transplant in Britain and is recovering, hospital officials in London said Sunday. Louis underwent surgery 10 days ago after being diagnosed as having liver cancer.

John Fogarty was named best musician of 1986, and the band Journey took four honors, including best group, at the 10th annual Bay Area Music Awards in San Francisco. Fogarty was a member of the group Creedence Clearwater Revival in the 1960s and early '70s and recently emerged from retirement to embark on a solo career.

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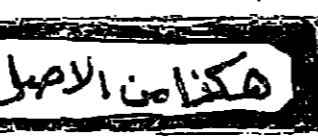
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